



Council District 15 Charrette

March 26, 2015

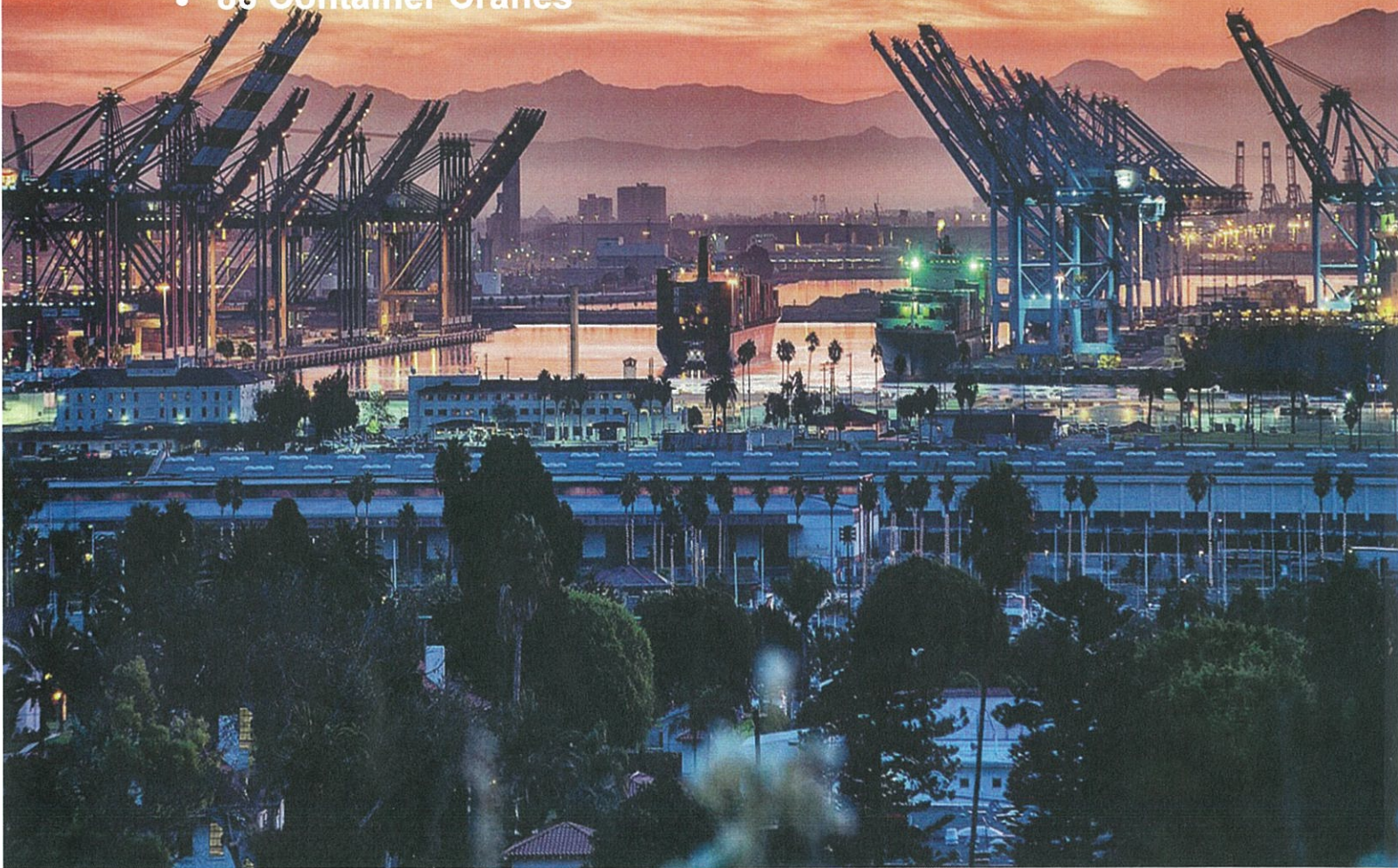


The Vision

- “Where industrial blight used to cut us off from the water, we will now have a front-row seat to the sea.”
- “We are America’s Port - the nation’s #1 container port and the global model for sustainability, security, and social responsibility.”
- “The vision for Ports O’ Call is to create a regional visitor destination that builds on the maritime history of San Pedro.”
- “Public-private partnerships like AltaSea represent an innovative way to encourage investment and redevelopment in – and improve the health of – our communities.”
- “Bring the people to the sea and the sea to the people.”

An Active and Full Service Port

- Ranked 1st in the U.S. for container volume since 2000
- \$1.2 billion in capital improvements will be expended during the five year period ending in 2017.
- Los Angeles and Long Beach ports ranked 9th in the world for container volume
- 7,500 acres (4,300 land & 3,200 water)
- 43 miles of Waterfront
- 270 Berths
- 86 Container Cranes



Council District 15 Charrette

Table of Contents

- 1. Table of Contents**
- 2. Council District 15 – Charrette Agenda**
- 3. Maps and Recently Completed Projects**
- 4. Previous Studies, Restrictions, and Planned Projects**
- 5. Economic Data – CD15**
- 6. Market Overview – Industrial, Hotel, Retail, Office, & Housing**
 - a. Industrial
 - b. Hotel
 - c. Retail
 - d. Office
 - e. For-Sale Housing
 - f. Rental Housing
- 7. Site Overview**
 - a. Outer Harbor
 - b. Cabrillo Marina Way
 - c. Far East Wilmington Sites
 - d. 7th and Beacon Parking Lot
 - e. Parking Lot 641
 - f. Parking Lot 684
- 8. Potential Financing Options**
- 9. Final Wrap Up Memo**

CHARRETTE AGENDA

March 26, 2015

10:00 AM – 3:00 PM

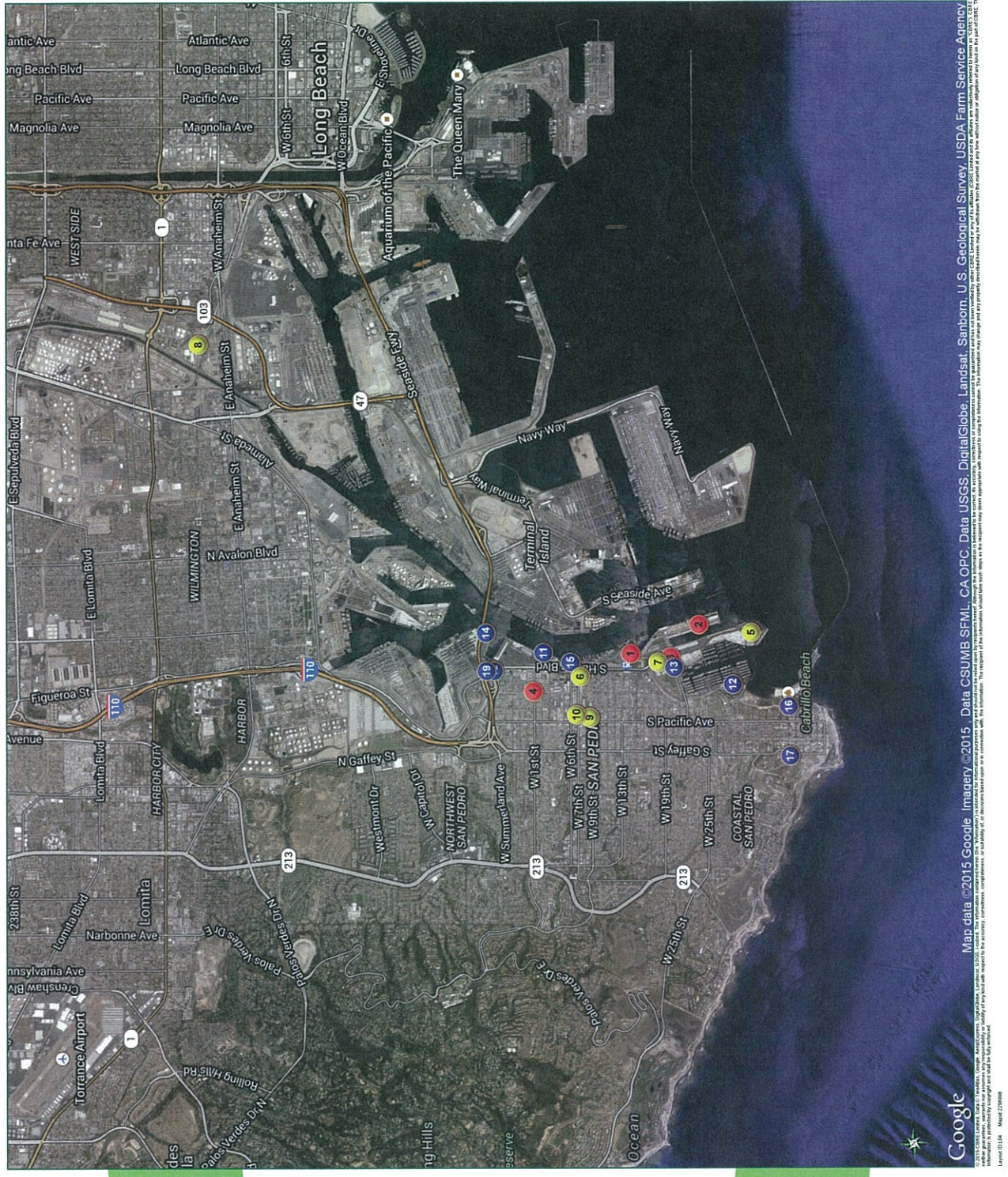
CBRE Downtown Los Angeles
400 South Hope Street

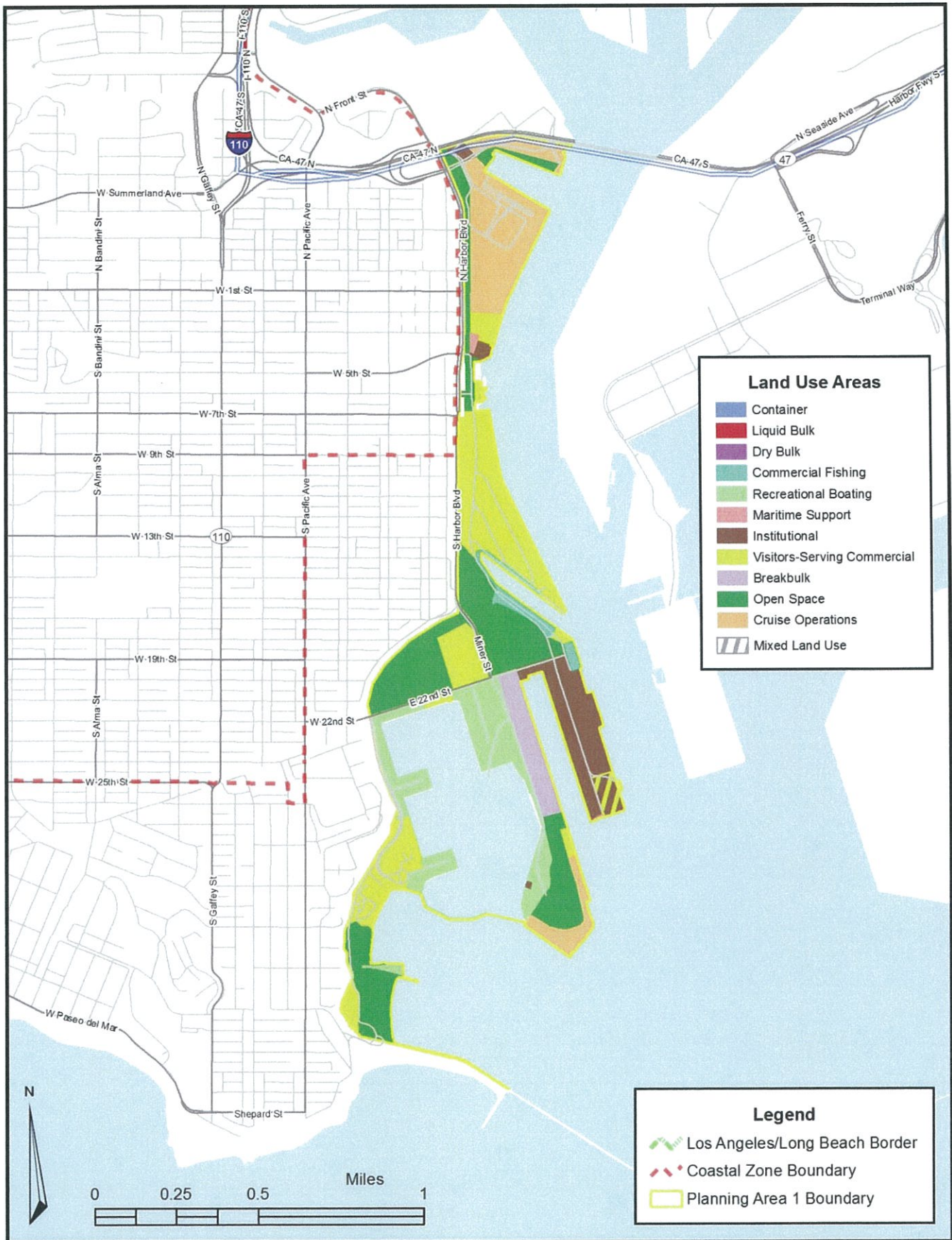
10:00 AM	Welcome & Vision for San Pedro & Wilmington	Lew Horne / Councilman Joe Buscaino/ Jan Perry
10:20 AM	Agenda Overview & Introductions	Facilitator Deanna Cherry
10:50 AM	Site Backgrounds – Opportunities and Constraints	Carolyn Hull, David Roberts and Mike Galvin
11:50 AM	LUNCH	
12:00 PM	Site 1: Berth 46 “Outer Harbor”	
12:40 PM	Site 2: Cabrillo Marina Way	
1:15 PM	Next Steps – Timeline for Sites 1, 2 & 3	
1:30 PM	BREAK	
1:45 PM	Site 3: 7 th and Beacon	
2:15 PM	Site 4 & 5: Parking lot 641 & Lot 684	
2:35 PM	Next Steps – Timeline for Sites 4 & 5	
2:50 PM	Acknowledgments & Closing	Councilman Joe Buscaino / Lew Horne
3:00 PM	Adjourn	

Council District 15 San Pedro Charrette Sites

- 1 Ports O' Call
- 2 AltaSea
- 3 CRAFTED Parking Lot
- 4 Rancho San Pedro
- 5 Outer Harbor
- 6 7th & Beacon Parking Lot
- 7 Cabrillo Marina Way
- 8 Far East Wilmington Sites
- 9 Parking Lot 641
- 10 Parking Lot 684
- 11 Battleship Iowa
- 12 Hilton Doubletree
- 13 Crafted
- 14 Catalina Boat Terminal
- 15 Los Angeles Maritime Museum
- 16 Cabrillo Marine Aquarium
- 17 Fort McArthur Museum
- 18 World Cruise Center
- 19 Los Angeles Cruise Ship Promenade

- Development Opportunities
- Charrette Sites
- Existing Attractions





Author: John Evans | SAIC | Date: 5/30/2013

Path: C:\GISPJ12\POLA PMP\Final Figures\Figure 2_1_1_PA1_Land Use_130516_v4a.mxd



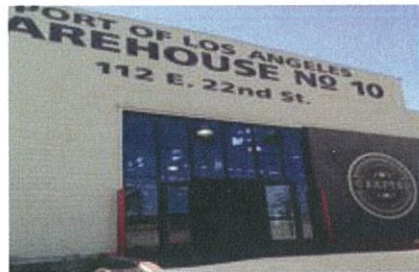
Recently Completed Projects

San Pedro & Wilmington



Cabrillo Marina

- 700-slip Marina
- 87 acres land/water
- Updated decades old marina facility
- Added mile long public waterfront promenade
- \$125 Million completed in 2011



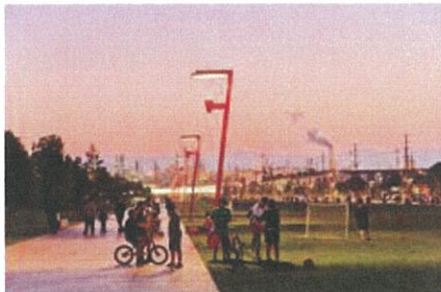
Crafted at the Port of Los Angeles

- Opened doors in 2011
- By creators of Bergamot Station Arts Center (Santa Monica)
- Two 1940's era warehouses
- 1st Warehouse: Bustling craft arts center, 500 vendor stalls and event space
- 2nd Warehouse: Full production craft brewery, restaurant and coffee bar, Summer 2015



22nd Street Park

- Approximately 18 acres
- Newly planted with 500 trees, 1,700 shrubs and 4.5 acres of sod.
- Construction began in June 2006 and was completed in January 2010 at a total cost of \$10.5 million.



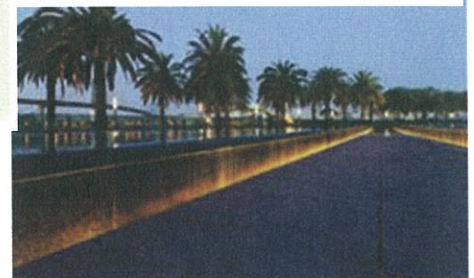
Wilmington Waterfront Park

- 30-acre contiguous landscaped area, between Harry Bridges Boulevard and C Street to the north.
- Officially opened to the public in June 2011 at a total cost of \$55 million.
- El Paseo Promenade provides a pedestrian and bicycle connection from east to west, continuing for approximately nine blocks.



Wilmington Marina Parkway

- Three acres of landscaped promenade along Anchorage and Shore roads.
- Nearby marinas with immediate access to the parkway include California Yacht, Cerritos Yacht, Island Yacht Anchorage, Holiday Harbor, and Lighthouse Landing marinas.
- Construction began in June 2013 and was completed by Pima Construction in February 2014, at a total cost of \$1.2 million, paid by the Port through China Shipping mitigation funding



Gateway Plaza & Fanfare Park

- Features choreographed water jets, synchronized to music and lights, building a dramatic waterfront entryway for visitors.
- From an overhead view, the fountains are shaped to resemble a sailboat.



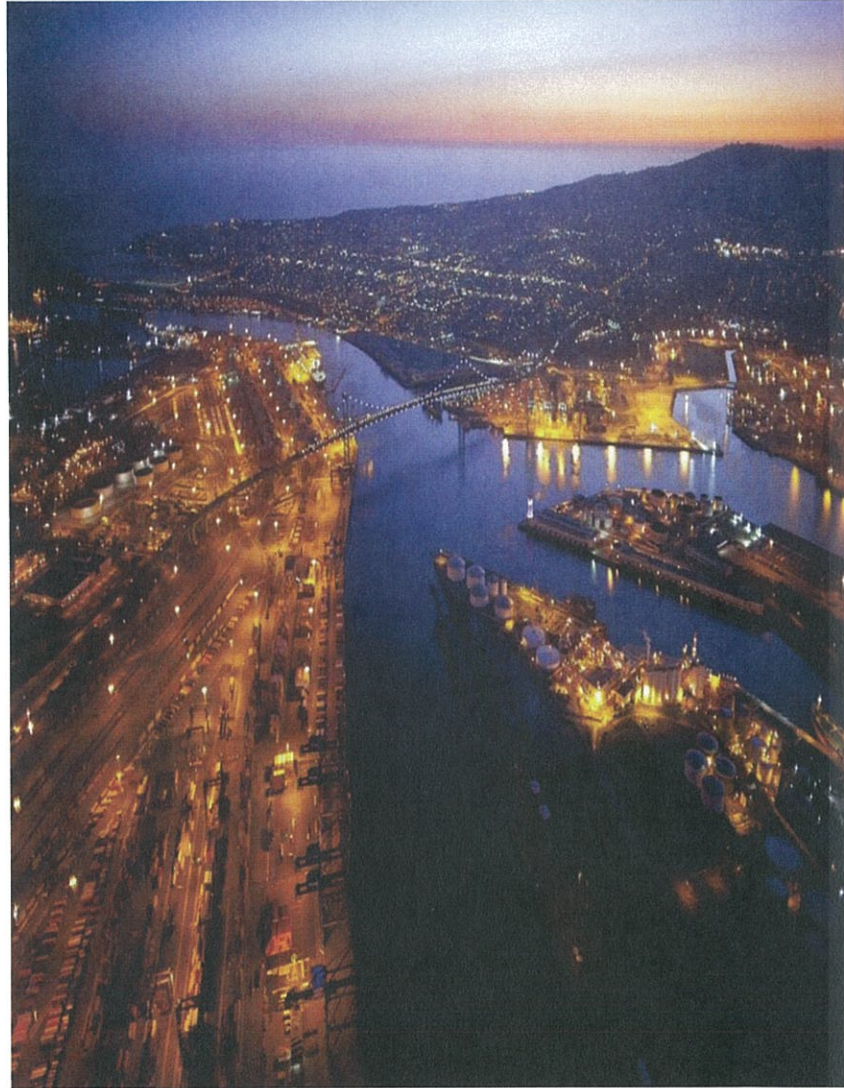
Downtown Harbor

- Opened June 2014
- \$32 million
- 1.2 acre connection between Fire Station 112 and the LA Maritime Museum
- Public plaza, pedestrian promenade, picnic area and overlook pier

Previous Studies, Restrictions, & Planned Projects

Previous Studies

- Waterfront Promenade & Downtown San Pedro Interface Report
- San Pedro Waterfront
- Coordinated Framework Plan
- San Pedro Waterfront Master Plan – Bridge to Breakwater
- Downtown San Pedro Revitalization Plan
- Downtown San Pedro Community Design Overlay District, Plan Update
- Port Master Plan
- San Pedro Waterfront Master Plan
- LA Waterfront – Urban Linkages, San Pedro Waterfront
- Ports O' Call Redevelopment Financial Analysis



Previous Studies, Restrictions, & Planned Projects

Restrictions

Tidelands and Public Trust

What are the tidelands and who controls them?

Tidelands are any lands under navigable waters up to the mean high water mark. In the State of California, these tidelands and submerged lands are overseen by the California State Lands Commission. The California Legislature granted public trust lands to more than 80 cities, counties, or other governmental agencies, including five (5) major ports. In 1911, the state granted to the City of Los Angeles control over all state tidelands and submerged lands in the San Pedro-Wilmington area. Under the City of Los Angeles Charter, the Board of Harbor Commissioners has possession, management and control of all tidelands and submerged lands

What are allowable uses of tidelands?

The State is obligated to manage the tidelands for the benefit of all of the people of the state. Hotels, restaurants, shops and parking areas are appropriate because they accommodate or enhance the public's ability to enjoy tide and submerged lands and navigable waterways. Examples of allowable uses include: ports, marinas, docks, piers, wharves, buoys, hunting, commercial, sport fishing, bathing, swimming, boating, warehouses, container cargo storage, facilities for the development and production of oil and gas, habitat, wildlife refuges, scientific study, open space, and visitor-serving facilities such as hotels, restaurants, shops, parking lots, and restrooms.

Uses that do not accommodate, promote, foster or enhance the statewide public's need for essential commercial services or their enjoyment of tidelands are not appropriate uses for public trust lands. These would include commercial installations that could as easily be sited on uplands and strictly local or "neighborhood-serving" uses that confer no significant benefit to Californians statewide. Traditionally, public trust uses were limited to water-related commerce, navigation, and fishing. In more recent years, however, the California Supreme Court has said that the public trust embraces the right of the public to use the navigable waters of the state for bathing, swimming, boating, and general recreational purposes. It is sufficiently flexible to encompass changing public needs, such as the preservation of the lands in their natural state for scientific study, as open space and as wildlife habitat.

How is housing built on tidelands?

Although state tidelands prohibits residential uses, a few cities and ports have found ways to work around this; these include the ports of San Diego, Oakland, and San Francisco. All three were able to obtain approval for uses not typically allowed on tidelands by taking the project site out of the public trust. In all three cases, this was done through a land exchange where port owned property that was once a part of the public trust was exchanged for privately owned land. In each case, this process took many years and required approvals from a number of bodies on both the local and state level.

Previous Studies, Restrictions, & Planned Projects

Planned Catalytic Projects

Ports O' Call

The Ports O' Call site is entitled to support up to 300,000 square feet of visitor-serving commercial uses and up to 75,000 square feet for a conference center. The existing parcel was developed as Ports O' Call Village in the 1960s and was a popular regional destination for several decades. The site currently features approximately 135,000 square feet of restaurant and retail buildings.

Redevelopment

The San Pedro Waterfront Project envisioned a comprehensive redevelopment of the Ports O' Call site, which would contribute to the transformation of the San Pedro waterfront and adjacent downtown San Pedro into a vibrant, world-class urban visitor-serving waterfront destination. The Financial Feasibility Analysis ("Analysis"), completed in November of 2014, recommended project of up to 200,000 square feet of unique retail, dining and entertainment uses. The Analysis projected that the recommended project scale was likely to maintain 850 full time equivalent jobs, \$87 million in gross sales, and 2.8 to 3.8 million annual visitors.

Improvements

Based on the findings of the Analysis, the Harbor Department identified four major infrastructure projects that are required to prepare the Ports O' Call site for redevelopment and near term projected visitor growth, including:

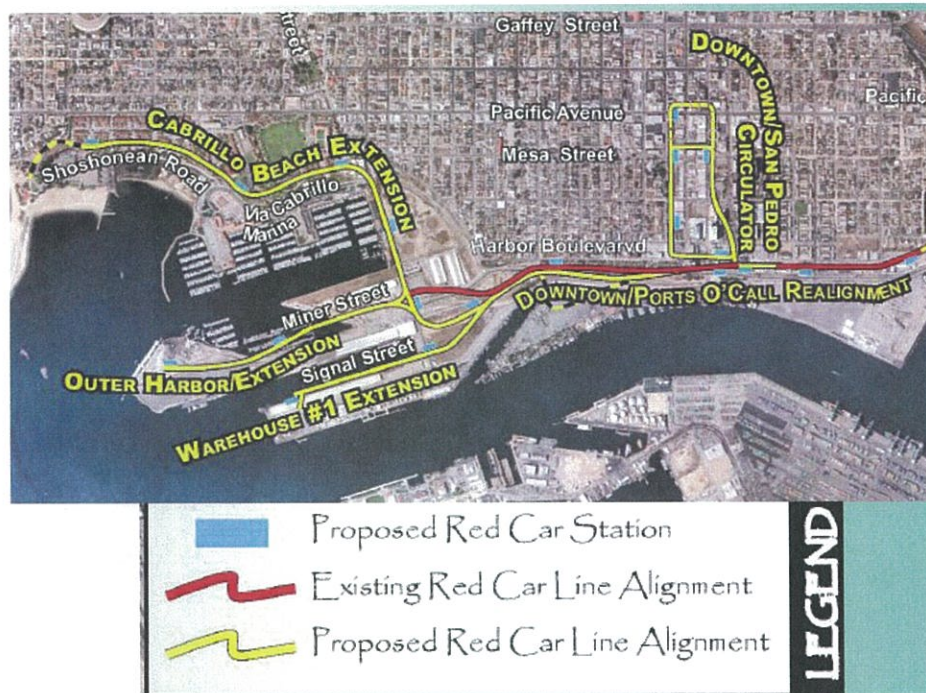
- Sampson Way & 7th Street Intersection,
- Town Square at 6th Street,
- Waterfront Ports O' Call Promenade



Previous Studies, Restrictions, & Planned Projects

Planned Catalytic Projects

Increasing Connectivity through San Pedro & Wilmington



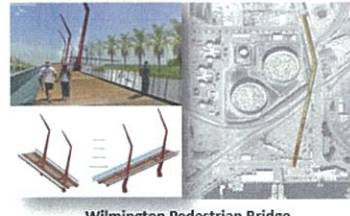
Sampson Way & 7th St. Intersection



Town Square at 6th Street



Avalon Boulevard Corridor - Phase I North



Wilmington Pedestrian Bridge



Avalon Boulevard Corridor - Phase IA South

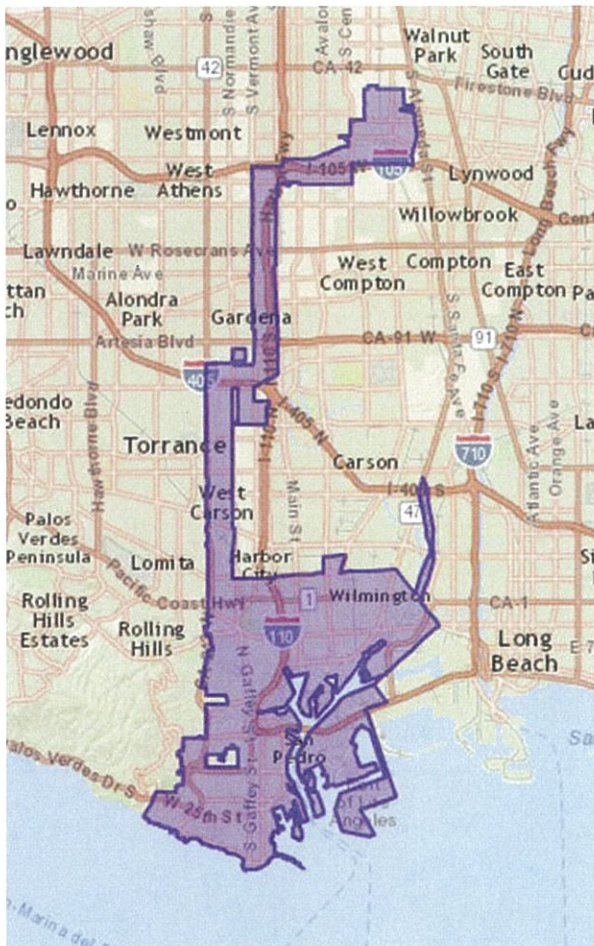
Economic Data – CD 15, San Pedro, & Wilmington

LA City Council District 15

2014 est (ESRI)

Population	256,214
Median age	32
Per Capita Income	\$18,537
Households	77,675
Size of household	3
Median Household Income	\$41,845
Average Household Income	\$60,187

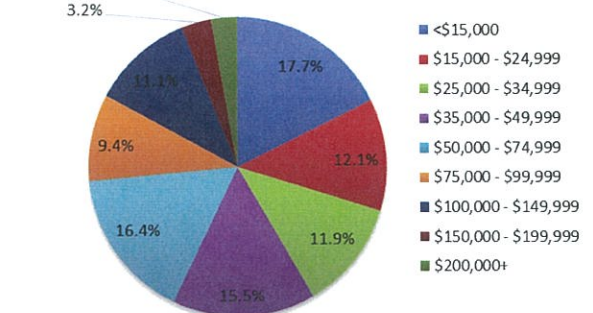
Source: LAEDC/ESRI



Source: LAEDC/ESRI

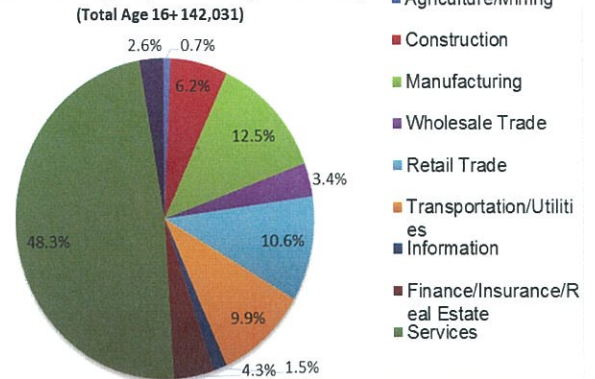
Households by Income (\$)

(HH Income Base 77,675)



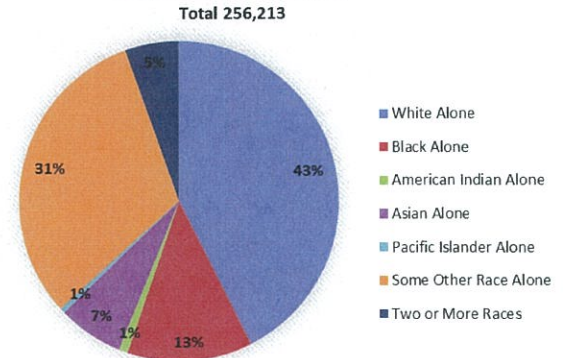
Resident Employment by Industry

(Total Age 16+ 142,031)



Population by Race

Total 256,213

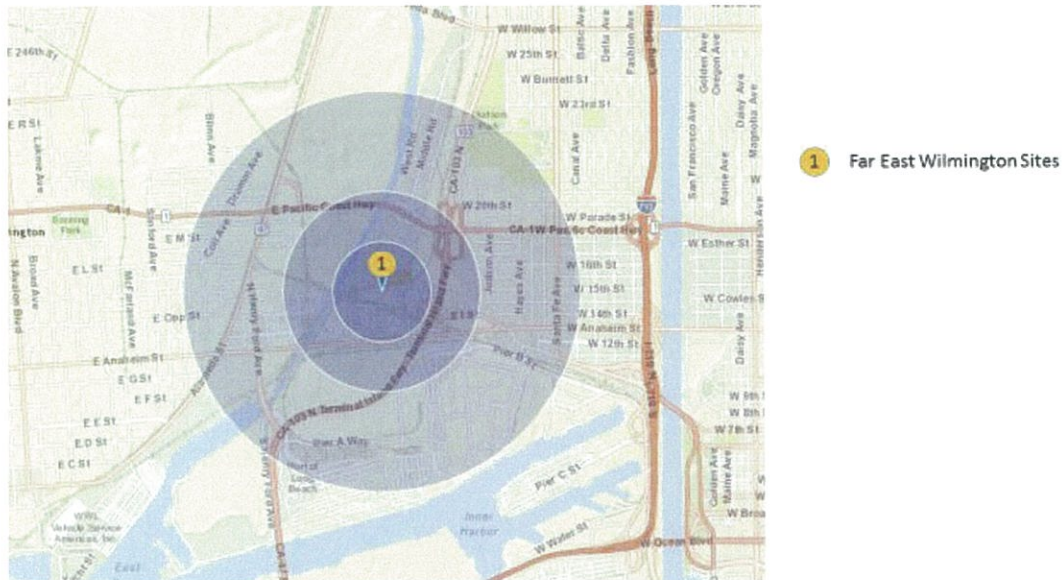


- | San Pedro Sites | | | | | | | |
|--------------------------|-----------------|-----------|----------|---------------------------------|--------------------|-----------|----------|
| | 2014 est (ESRI) | | | | Population by Race | | |
| | 0.25 miles | 0.5 miles | 1.0 mile | | 0.25 miles | 0.5 miles | 1.0 mile |
| | | | | Total | 10,834 | 21,974 | 46,996 |
| Population | 10,834 | 21,975 | 46,997 | White Alone | 48.1% | 47.0% | 53.0% |
| Median age | 34.1 | 32.2 | 34.1 | Black Alone | 8.8% | 8.6% | 8.1% |
| Per Capita Income | \$14,551 | \$14,418 | \$19,581 | American Indian Alone | 1.3% | 1.2% | 1.3% |
| | | | | Asian Alone | 6.4% | 5.0% | 4.6% |
| households | 4,036 | 7,621 | 16,743 | Pacific Islander Alone | 0.8% | 0.7% | 0.7% |
| size of household | 2.46 | 2.74 | 2.67 | Some Other Race Alone | 28.2% | 30.9% | 25.6% |
| | | | | Two or More Races | 6.5% | 6.6% | 6.8% |
| Median Household Income | \$23,601 | \$26,717 | \$36,997 | Resident Employment by Industry | 0.25 miles | 0.5 miles | 1.0 mile |
| Average Household Income | \$35,847 | \$39,140 | \$52,747 | Total (Age 16 years and over) | 4,351 | 8,953 | 20,217 |
| | | | | Agriculture/Mining | 0.2% | 0.1% | 0.1% |
| Households by Income | | | | Construction | 9.0% | 8.2% | 7.8% |
| Household Income Base | 4,036 | 7,621 | 16,743 | Manufacturing | 8.7% | 6.7% | 7.3% |
| <\$15,000 | 33.7% | 29.8% | 20.8% | Wholesale Trade | 3.3% | 3.0% | 2.5% |
| \$15,000 - \$24,999 | 18.0% | 17.3% | 14.1% | Retail Trade | 10.9% | 13.3% | 11.3% |
| \$25,000 - \$34,999 | 11.6% | 13.4% | 12.6% | Transportation/Utilities | 8.4% | 8.4% | 11.2% |
| \$35,000 - \$49,999 | 15.3% | 14.7% | 14.1% | Information | 0.9% | 0.7% | 1.1% |
| \$50,000 - \$74,999 | 11.1% | 12.3% | 16.6% | Finance/Insurance/Real Estate | 6.7% | 5.4% | 4.4% |
| \$75,000 - \$99,999 | 4.9% | 6.0% | 9.4% | Services | 50.3% | 51.7% | 51.2% |
| \$100,000 - \$149,999 | 3.2% | 4.3% | 8.4% | Public Administration | 1.6% | 2.5% | 3.1% |
| \$150,000 - \$199,999 | 0.9% | 1.0% | 1.7% | | | | |
| \$200,000+ | 1.2% | 1.2% | 2.2% | | | | |
- Source: LAEDC/ESRI



LAEDC **LOS ANGELES COUNTY**
ECONOMIC DEVELOPMENT CORPORATION

Economic Data – CD 15, San Pedro, & Wilmington



Far East Wilmington

2014 est (ESRI)

	1.0 mile
Population	3,953
Median age	30
Per Capita Income	\$13,058
households	1,001
size of household	4
Median Household Income	\$32,526
Average Household Income	\$42,716

Households by Income

Household Income Base	1,001
<\$15,000	28.4%
\$15,000 - \$24,999	8.2%
\$25,000 - \$34,999	16.6%
\$35,000 - \$49,999	18.2%
\$50,000 - \$74,999	17.2%
\$75,000 - \$99,999	3.8%
\$100,000 - \$149,999	4.7%
\$150,000 - \$199,999	1.3%
\$200,000+	1.6%

Resident Employment by Industry 1.0 mile

Total (Age 16 years and over)	1362
Agriculture/Mining	0.1%
Construction	5.7%
Manufacturing	15.9%
Wholesale Trade	1.8%
Retail Trade	14.2%
Transportation/Utilities	8.2%
Information	0.9%
Finance/Insurance/Real Estate	2.5%
Services	49.7%
Public Administration	0.8%

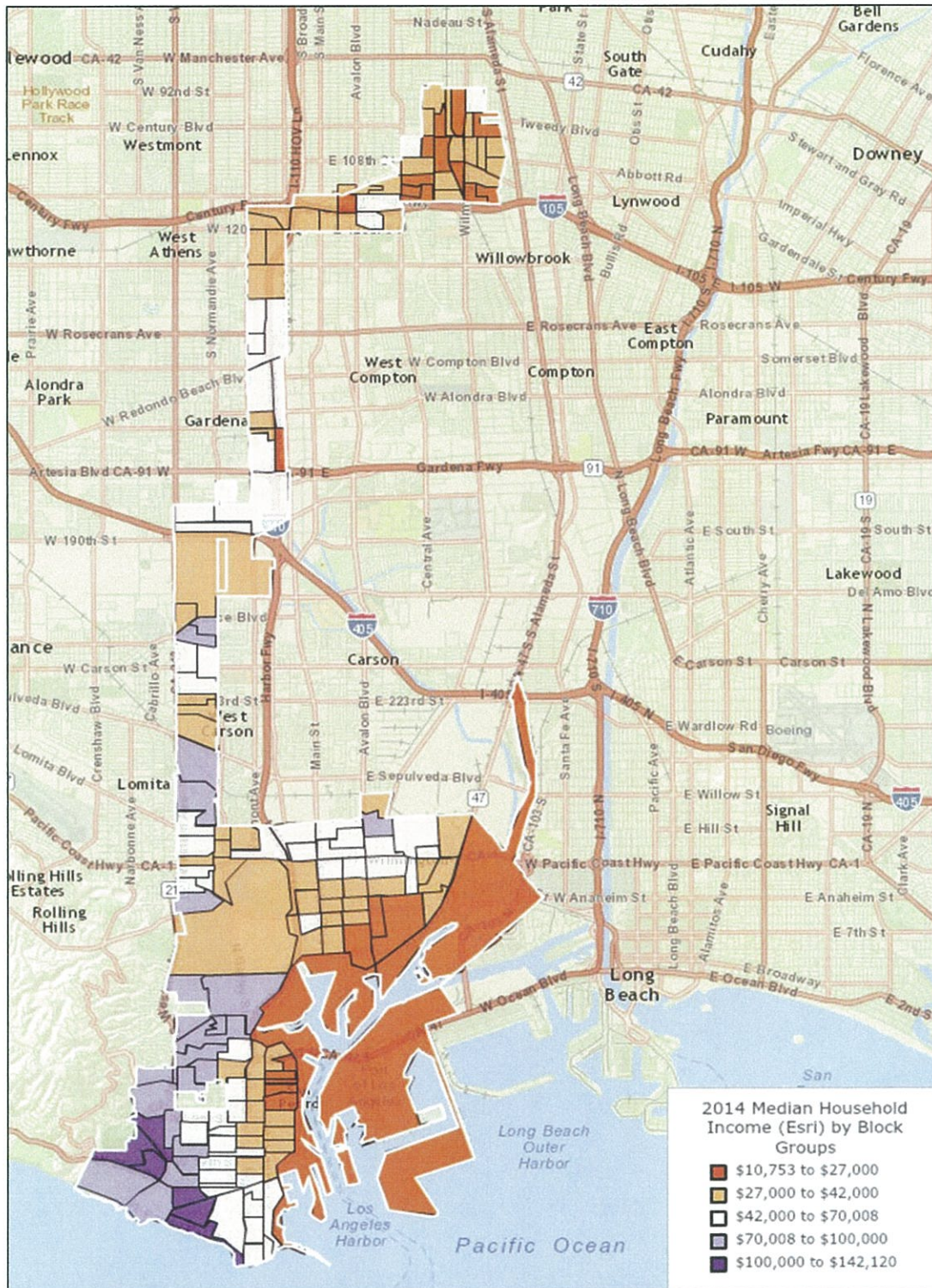
Population by Race

Total	3,955
White Alone	35.9%
Black Alone	13.0%
American Indian Alone	1.3%
Asian Alone	3.1%
Pacific Islander Alone	0.9%
Some Other Race Alone	40.6%
Two or More Races	5.2%

Source: LAEDC/ESRI

Economic Data – CD 15, San Pedro, & Wilmington

Council District 15 - Household Median Income



Source: ESRI/LAEDC



CBRE City of Los Angeles Council District 15

Summary Report

March 2014

DISTRICT HIGHLIGHTS



TOP 5 EMPLOYERS

EMPLOYER	INDUSTRY	SQFT
Housewares International USA	Retailers/Wholesalers	518,654
Farmer Brothers Coffee	Manufacturing	300,000
Imperial CFS	Transportation	298,000
Metro International	Transportation	223,760
Salson West California	Transportation	203,483

TOP 5 OWNERS

OWNER	PROPERTY TYPE	SQFT
MetLife	Industrial	1,820,761
Deutsche	Industrial	1,619,540
Prologis	Industrial	1,350,717
Sunrider Intl.	Office/Industrial	1,214,348
Toyota Motors	Office/Industrial	1,203,641

TOP OFFICE AVAILS

ADDRESS	OWNER	SQFT
222 W 6th St	Jupiter Holdings	225,114
20101 Hamilton Ave	Omninet Capital	90,488
879 W 190th St	Omninet Capital	72,435

TOP OFFICE BUILDINGS

ADDRESS	BUILDING CLASS	SQFT
19581 S Western Ave	B	382,552
19001 S Western Ave	B	325,408
222 W 6th St	A	289,834

TOP INDUSTRIAL AVAILS

ADDRESS	OWNER	SQFT
19200-19270 S Western Ave	Deutsche	684,900
740-800 E 111th Pl	Watts Labor Community Action C	118,500
19801 S Vermont Ave	Lindmac Corp.	98,659

LARGEST INDUSTRIAL BUILDINGS

ADDRESS	BUILDING TYPE	SQFT
300-350 Westmont Ave	Distribution	760,086
1050 Ways St	Food Processing	742,003
19200-19270 S Western Ave	Warehouse	684,900

OTHER INFORMATION

Council Member:

Joe Buscaino - (213) 473-7015
councildistrict15@lacity.org

TOP OCCUPATIONS

- Manufacturing: 14.1%
- Health & Social Assistance: 11.6%
- Retail Trade: 9.6%
- Total District Jobs: 54,282

PROPERTY BREAKDOWN

- Residential: 34.6%
- Commercial: 23.0%
- Industrial: 10.2%
- Vacant: 2.9%

MARKET STATISTICS

OFFICE MARKET

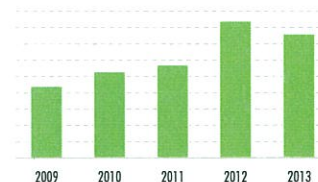
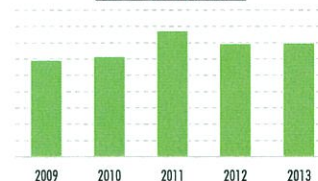
	2009	2010	2011	2012	2013
TOTAL NRA	6,915,784	6,915,784	6,915,784	6,830,784	6,830,784
VACANCY RATE	11.9%	12.3%	15.5%	13.9%	14.0%
AVG LEASE RATE*	\$2.02	\$2.03	\$2.04	\$2.03	\$1.94
NET ABSORPTION	-118,333	-26,673	-221,868	38,246	-6,481

INDUSTRIAL MARKET

	2009	2010	2011	2012	2013
TOTAL NRA	27,399,358	27,399,358	26,991,290	26,794,913	26,719,797
VACANCY RATE	4.4%	5.3%	5.7%	8.4%	7.6%
AVG LEASE RATE*	\$0.69	\$0.58	\$0.58	\$0.59	\$0.62
NET ABSORPTION	-406,994	-245,959	-517,766	-888,784	131,425

*Office lease rates are full service gross & industrial lease rates are NNN, both are \$/SF/mo.

VACANCY RATE TRENDS



© 2010 CB Richard Ellis, Inc. We obtained the information above from sources we believe to be reliable. However, we have not verified its accuracy and make no guarantee, warranty or representation about it. It is submitted subject to the possibility of errors, omissions, change of price, rental or other conditions, prior sale, leasing or financing or withdrawal without notice. We include projections, opinions, assumptions or estimates for example only, and they may not represent current or future performance of the property or area. You and your tax and legal advisors should conduct your own investigation of the property and transaction.

CBRE

Market Overview

Industrial

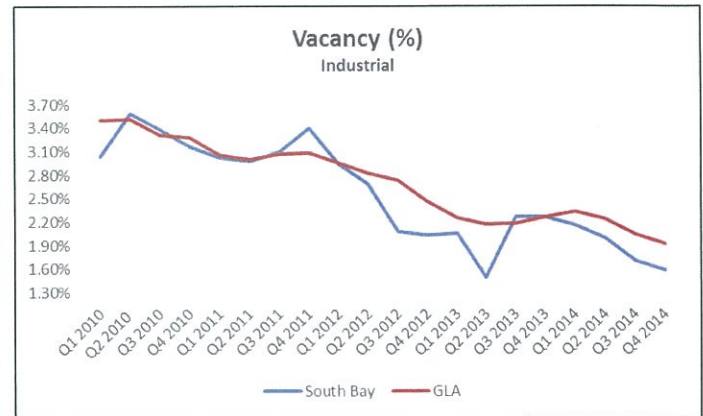
The average lease rate in the Greater Los Angeles area has been trending upward for several years and ended 2014 at \$0.64 per square foot, compared with \$0.60 in Q4 2013. South Bay Industrial asking lease rates have increased at the same pace as GLA, ending Q4 2014 at \$0.63 per square foot, up four cents since the start of 2014.

The South Bay remains a tight industrial market with a large number of functionally obsolete buildings. Vacancy rates in both the GLA and South Bay have significantly decreased in the past four years and remains in the 2% range.

Although some developments are in the pre-planning phases within the South Bay submarket there has been very limited new development in the area.



Source: CBRE



Source: CBRE

Industrial Development Q1 2015								
Project Title	City	Zip Code	Property Type		Phase	Construction	Sq. Ft. (000's)	Public / Private
			Primary	Sub-type		Cost (\$ m)		
Vacant Commercial/Industrial Land	Long Beach	90813	Warehouse	Flex	Pre-Planning	1.8	42	Public
Office / Warehouse Buildings	Torrance	90503	Warehouse	Flex	Planning	4.0	50	Private
Self-Storage Building	Torrance	90503	Warehouse	Self-Storage	Planning	2.0		Private
RFP/AE: East Wilmington Site Development	Wilmington	90744	Warehouse	Flex	Pre-Planning	2.0		Public
Office/Warehouse Building	Torrance	90503	Warehouse	Flex	Planning	3.0	31	Private

Source: CBRE/EA Pipeline

Market Overview

Hotel

As indicated in the table below, San Pedro has a limited amount of hotel rooms. In fact, the current stock is only 1.1% of the Los Angeles County Market. The local market consists of two major hotels - the Crowne Plaza and Doubletree. The remainder are smaller independent and moderate quality chains.

San Pedro accounts for 17% of the total hotel rooms in the South Bay. Long Beach has approximately 4,000 hotel rooms. However, the largest hotel markets are adjacent to Los Angeles International Airport and the Beverly Hills /West LA market.

Los Angeles County									
Historical Market Performance of the Competitive Supply									
Year	Daily Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2009	97,555	N/A	24,117,920	N/A	67.7%	\$137.03	N/A	\$92.82	N/A
2010	96,380	-1.2%	25,164,280	4.3%	71.5%	138.94	1.4%	99.39	7.1%
2011	95,354	-1.1%	26,126,076	3.8%	75.1%	147.05	5.8%	110.39	11.1%
2012	99,220	4.1%	28,267,746	8.2%	78.1%	154.81	5.3%	120.84	9.5%
2013	99,259	0.0%	28,935,677	2.4%	79.9%	162.00	4.6%	129.38	7.1%
2014E	100,483	1.2%	30,035,151	3.8%	81.9%	172.17	6.3%	141.00	9.0%
2015F	101,610	1.1%	30,519,434	1.6%	82.3%	182.69	6.1%	150.33	6.6%

Source: PKF Consulting & CBRE

LA County Hotel Market Share 2015		
Market	Rooms	Market Share
San Pedro	1,073	1.1%
South Bay	6,420	6.3%
Downtown	7,454	7.3%
Long Beach	4,066	4.0%
Airport	11,132	11.0%
Santa Monica	2,879	2.8%
Marina del Rey	1,499	1.5%
BH/WLA	8,148	8.0%
Hollywood	1,767	1.7%
W Hollywood	1,880	1.9%
Pasadena	1,817	1.8%
Arcadia/Monrovia	975	1.0%
San Fernando Valley	5,732	5.6%
Thousand Oaks - Agoura Hills	1,821	1.8%
San Gabriel Valley	2,626	2.6%
Santa Clarita	1,429	1.4%
Other LA County	41,965	41.3%
2015 Total	101,610	100.0%

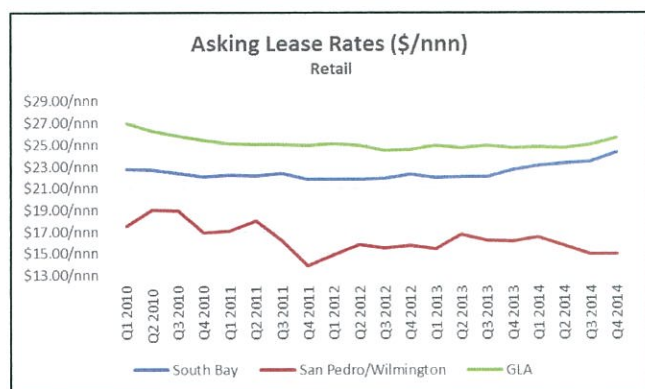
Source: PKF Consulting & CBRE

Market Overview

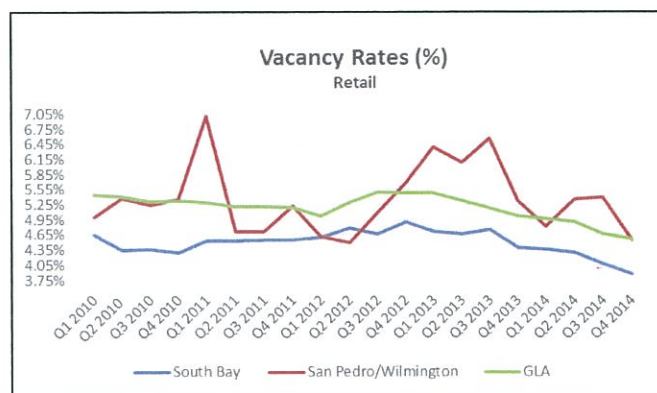
Retail

The Greater Los Angeles market average asking lease rates continue to rise. Since the start of 2014, the region experienced an overall increase from \$24.75 per square feet to \$25.65 per square feet. In 2014, markets such as the South Bay approached pre-recession numbers and in certain areas, surpassed them. Despite the overall increases in Los Angeles and the South Bay, the San Pedro/Wilmington retail asking lease rates remained well below the GLA and South Bay markets and continued to decrease from \$16.18/nnn in Q4 2013 to \$14.96/nnn in Q4 2014.

The San Pedro/Wilmington submarket has consistently maintained a higher vacancy rate than the South Bay region. At year-end 2014, approximately 4.69% of the San Pedro/Wilmington stock was vacant, compared with 3.9% for the South Bay.



Source: CBRE



Source: CBRE

South Bay Retail Development Q1 2015							
Project Title	City	Zip Code	Property Type	Secondary Property Type	Phase	Sq. Ft. (000's)	
Love's Travel Stop & Country Store	Agoura Hills	91376	Retail	Convenience Store	Planning	8	
Golden Corral Buffett & Grill	Bellflower	90706	Retail	Restaurant/Entertainment	Underway	10	
Cheesecake Factory Restaurant	Cerritos	90703	Retail	Restaurant/Entertainment	Planning	12	
Retail Center	Gardena	90247	Retail	Under30Ksf	Planning	16	
Restaurants @ Peninsula Shopping Ctr	Rolling Hills Estate	90274	Retail	Under30Ksf	Planning	17	
Wilrose Plaza	Compton	90222	Retail	Under30Ksf	Underway	18	
Manhattan Beach Toyota/Scion Car Dealership	Manhattan Beach	90266	Retail	Auto Dealership	Planning	21	
Fountain Plaza Shopping Center	Cerritos	90703	Retail	Neighborhood Center	Planning	30	
Wal-Mart Neighborhood Mkt 4173-0	Hawaiian Gardens	90716	Retail	Supermarket	Planning	46	
BMW of Long Beach Car Dealership	Signal Hill	90755	Retail	Auto Dealership	Underway	78	
Dick's Sporting Goods Store	Cerritos	90703	Retail	Big Box/Value	Bidding	80	
The Point Shopping Center	El Segundo	90245	Retail	Community Center	Underway	120	
Retail Building	Long Beach	90810	Retail	Community Center	Planning	123	
Manhattan Village Shopping Center Expansion	Manhattan Beach	90266	Retail	Community Center	Planning	124	
Nordstrom Full Line Store Relocation	Redondo Beach	90503	Retail	Department Store Anchor	Underway	138	
Crafted at the Port of LA Warehouses 9 & 10	San Pedro	90723	Retail	Community Center	Underway	140	
Costco Retail Warehouse	Torrance	90505	Retail	Big Box/Value	Planning	162	
Phase Two - New North Connection Mall	Torrance	90503	Retail	Community Center	Planning	196	
Hollywood Park Retail/Theater District	Inglewood	90301	Retail	Regional	Planning	620	
The Boulevards Retail / Restaurants / Theater	Carson	90745	Retail	Restaurant/Entertainment	Planning	1,200	

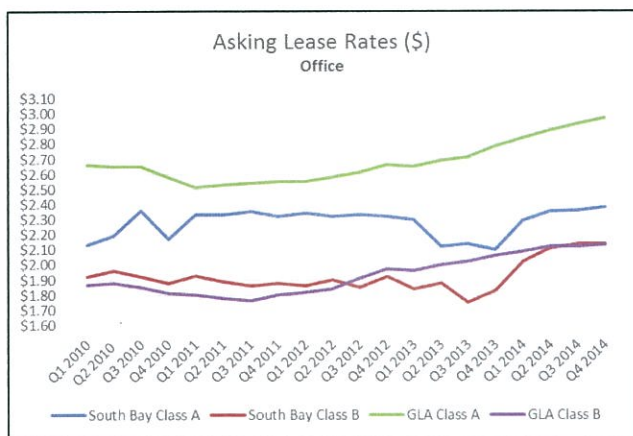
Source: CBRE

Market Overview

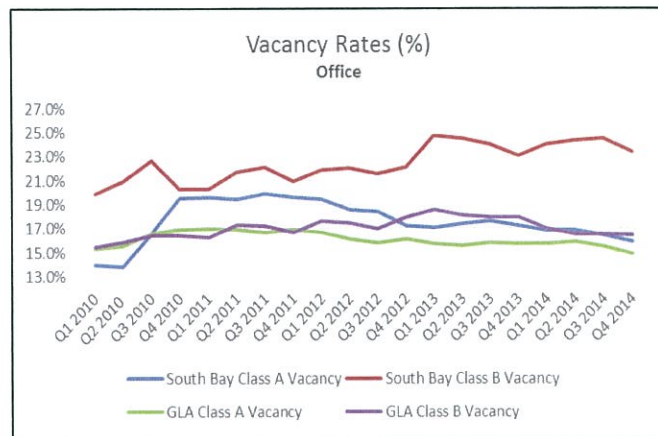
Office

Asking lease rates in the Greater Los Angeles area are up 6.0% year-over-year, according to CBRE. Carrying the trend from the beginning of the year, South Bay ended with one of the highest year-over-year gains in office rents, increasing 15.6%. El Segundo is meeting demands for creative office space, with a large inventory of under-utilized industrial buildings prime for conversion. Because of this trend, South Bay asking rents are edging towards the regional average for the first time at \$2.38 PSF for Class A space in Q4 2014. Average asking rents remained highest in the El Segundo/Beach Cities submarket, and lowest in the LAX/Los Angeles/Westchester submarket.

Total vacancy rates continued to be highest in the LAX/Los Angeles/Westchester submarket. The submarket that recorded the lowest total vacancy rate was Torrance, a rate of 13.8 percent.



Source: CBRE



Source: CBRE

Q4 2014 Office Development

Building Park	Building Status	Building Class	City	Zip Code	Completed by	Rentable Building Area (sq. ft.)
Elevon at Campus El Segundo	Proposed	A	El Segundo	90245	N/A	750,000
N/A	Proposed	A	Long Beach	90808	N/A	42,900
Douglas Park III	Proposed	B	Long Beach	90808	2015	138,299
Douglas Park Medical	Under Construction	B	Long Beach	90808	2015	52,000
Douglas Park Medical	Under Construction	B	Long Beach	90808	2015	38,790
Elevon at Campus El Segundo	Under Construction	B	El Segundo	90245	2015	27,674
Elevon at Campus El Segundo	Under Construction	B	El Segundo	90245	2015	27,674
Rockefeller Group Professional Ctr	Proposed	B	Torrance	90505	2018	26,515
N/A	Proposed	B	Lomita	90717	N/A	25,000
N/A	Proposed	B	Long Beach	90808	2016	24,500
Rockefeller Group Professional Ctr	Proposed	B	Torrance	90505	2018	23,171

Source: CBRE

Market Overview

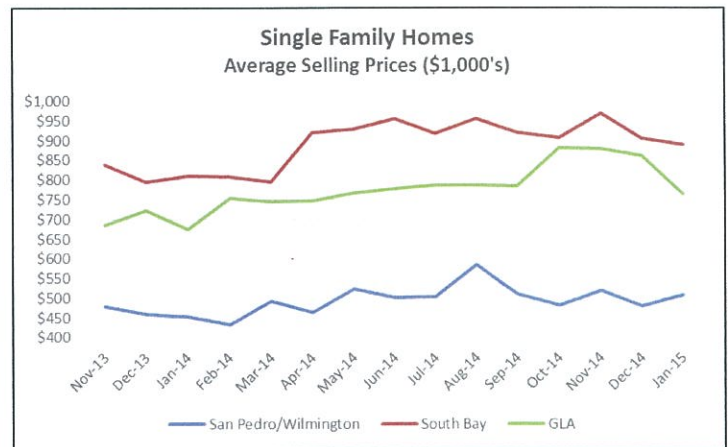
For-Sale Housing

The Greater Los Angeles average selling price for condominiums remains well above the South Bay and San Pedro/Wilmington market at \$750,000 in January 2015, compared to \$347,000 and \$289,000, respectively. The San Pedro/Wilmington condominium price accelerator has been tepid between November 2013 and January 2015. By comparison, the South Bay and the Greater Los Angeles selling prices have experienced healthy gains during the same time period.

While Greater Los Angeles remained above South Bay and San Pedro/Wilmington in the condominium market, South Bay's average selling price for single family homes surpasses both markets, ending with an average selling price of \$890,000 in January 2015. The San Pedro/Wilmington single family residential market prices again remain well below the other markets, ending January 2015 with an average selling price of \$508,000.



Source: CBRE



Source: CBRE

Market Overview

For-Sale Housing

South Bay Single Family Homes Market - January 2015				
Community Name	ZIP Code	Sales of Single Family Homes	Price Median SFR (\$1,000)	Price % Chg from Jan. 2014
Los Angeles County		3,292	\$478	12.40%
Carson	90745	18	\$398	5.30%
Carson	90746	12	\$429	27.50%
El Segundo	90245	11	\$899	12.40%
Gardena	90247	12	\$390	8.30%
Gardena	90248	3	\$265	-32.50%
Gardena	90249	10	\$400	14.10%
Harbor City	90710	8	\$525	14.10%
Hawthorne	90250	17	\$390	-8.40%
Hermosa Beach	90254	6	\$1,723	47.90%
Inglewood	90301	1	\$180	-41.30%
Inglewood	90302	4	\$465	17.00%
Inglewood	90303	4	\$336	12.00%
Inglewood	90304	4	\$435	53.80%
Inglewood	90305	5	\$325	-7.10%
LA	90044	22	\$293	14.70%
LA	90059	16	\$246	29.60%
LA	90061	9	\$220	15.80%
Lawndale	90260	5	\$435	25.00%
Lomita	90717	2	\$425	6.30%
Long Beach	90802	1	\$455	26.40%
Long Beach	90803	6	\$1,218	4.70%
Long Beach	90804	4	\$320	-31.90%
Long Beach	90805	29	\$335	11.50%
Long Beach	90806	12	\$363	8.00%
Long Beach	90807	16	\$625	23.80%
Long Beach	90808	35	\$528	1.70%
Long Beach	90810	8	\$358	2.10%
Long Beach	90813	5	\$290	5.50%
Long Beach	90814	4	\$665	10.30%
Long Beach	90815	24	\$558	10.10%
Manhattan Beach	90266	11	\$1,700	-14.50%
Paolo Verde Peninsula	90274	15	\$1,480	-16.60%
Redondo Beach	90277	9	\$1,325	35.80%
Redondo Beach	90278	16	\$835	21.50%
San Pedro	90731	13	\$528	11.50%
San Pedro	90732	7	\$650	17.60%
Torrance	90501	4	\$623	16.80%
Torrance	90502	4	\$474	19.30%
Torrance	90503	11	\$771	8.60%
Torrance	90504	12	\$573	11.50%
Torrance	90505	19	\$783	0.10%
Wilmington	90744	9	\$355	10.80%

Source: CBRE & Data Quick

Market Overview

For-Sale Housing

South Bay Condominium Market - January 2015				
<u>Community Name</u>	<u>ZIP Code</u>	<u>Sales Count</u> <u>Condos</u>	<u>Price Median</u> <u>Condos (\$1,000)</u>	<u>Price % Chg</u> <u>from Jan. 2014</u>
Los Angeles County		1,208	\$405	13.30%
Carson	90745	7	\$188	-30.90%
Carson	90746	3	\$317	-30.30%
El Segundo	90245	7	\$659	7.80%
Gardena	90247	1	\$497	148.50%
Gardena	90249	2	\$249	44.50%
Harbor City	90710	7	\$310	5.80%
Hawthorne	90250	3	\$280	-33.30%
Hermosa Beach	90254	4	\$1,531	83.80%
Inglewood	90301	6	\$165	6.50%
Inglewood	90302	5	\$180	39.50%
Inglewood	90305	2	\$275	-22.00%
Lawndale	90260	1	\$340	-24.00%
Lomita	90717	1	\$365	-0.80%
Long Beach	90802	28	\$259	-10.40%
Long Beach	90803	13	\$610	31.10%
Long Beach	90804	6	\$278	16.80%
Long Beach	90805	2	\$163	46.60%
Long Beach	90806	1	\$290	n/a
Long Beach	90807	4	\$305	11.70%
Long Beach	90813	6	\$343	144.60%
Long Beach	90814	6	\$329	8.70%
Long Beach	90815	6	\$283	-0.70%
Manhattan Beach	90266	11	\$1,225	23.30%
Paolo Verde Peninsula	90274	5	\$685	39.40%
Redondo Beach	90277	15	\$655	-6.40%
Redondo Beach	90278	15	\$699	25.90%
San Pedro	90731	1	n/a	n/a
San Pedro	90732	15	\$298	-20.50%
Torrance	90501	3	\$590	37.90%
Torrance	90502	7	\$240	0.20%
Torrance	90503	6	\$545	-10.00%
Torrance	90505	3	\$575	49.40%
Wilmington	90744	n/a	n/a	n/a

Source: CBRE & Data Quick

Market Overview

Rental Housing

While the Greater Los Angeles and San Pedro's rental markets remain closely in line with another at \$1,870 and \$1,730, respectively, Wilmington's average asking rents are well below the two markets with an average rent of \$1,033 in Q4 2014. Despite the low rents in Wilmington, the past year has reflected an average 16% increase in asking rent from Q4 2012, while Greater Los Angeles and San Pedro only saw an average 5.60% and 0.4% increase in rents from the same time frame.

The demand for multifamily rental housing has risen across the Greater Los Angeles area in recent months, with average asking rents across all unit types experiencing a year-over-year increase of nearly 6%. In San Pedro, rental rates have been trending upward as well, but the rate of appreciation lags that of Wilmington and the Greater Los Angeles area.

San Pedro Average Asking Rents				
Unit Type	4Q2012	4Q2013	4Q2014	1 Yr Chg
All	\$1,655	\$1,723	\$1,730	0.40%
1bd 1bth	\$1,594	\$1,614	\$1,607	-0.40%
2bd 1bth	\$1,335	\$1,445	\$1,432	-0.90%
2bd 2bth	\$2,125	\$2,178	\$2,105	-3.40%
2bd TH	\$1,462	\$1,732	\$1,942	12.10%
3bd TH		\$2,955	\$2,775	-6.10%

Wilmington Average Asking Rents				
Unit Type	4Q2012	4Q2013	4Q2014	1 Yr Chg
All	\$890	\$890	\$1,033	16.00%
studio	\$650	\$650	\$775	19.20%
1bd 1bth	\$860	\$860	\$988	15.00%
2bd 1bth	\$1,079	\$1,079	\$1,250	15.90%

San Pedro Average Occupancy				
	4Q2012	4Q2013	4Q2014	1 Yr Chg
Overall	93.50%	92.90%	95.50%	2.80%

Wilmington Average Occupancy				
	4Q2012	4Q2013	4Q2014	1 Yr Chg
Overall	89.80%	90.70%	95.40%	5.20%

Source: CBRE

Source: CBRE

GLA Average Asking Rents				
Unit Type	4Q2012	4Q2013	4Q2014	1 Yr Chg
All	\$1,688	\$1,771	\$1,870	5.60%
studio	\$1,258	\$1,326	\$1,423	7.40%
1bd 1bth	\$1,484	\$1,556	\$1,650	6.10%
2bd 1bth	\$1,478	\$1,526	\$1,611	5.60%
2bd 2bth	\$1,947	\$2,047	\$2,155	5.30%
2bd TH	\$2,025	\$2,047	\$2,169	6.00%
3bd 2bth	\$2,210	\$2,274	\$2,368	4.10%
3bd TH	\$2,587	\$2,714	\$2,745	1.20%

GLA Average Occupancy				
	4Q2012	4Q2013	4Q2014	1 Yr Chg
Overall	95.50%	94.60%	94.80%	0.20%

Source: CBRE

Site Overview

Outer Harbor

Address: 3011 Miner St, Berth 46, Los Angeles, CA 90731

Land Area: 12.6 Acres

Ownership: Port of Los Angeles

Zoning: [Q] M2-1 Light Manufacturing

Current/Formal Use: Event space, possible cruise terminal

General Plan Land Use: Recreation & Commercial

Specific Plan Area: None

Assessed Land Value: \$7,815,917

Restrictions: State Tidelands Trust

Recent Events: (1) Cirque Du Soleil (2013) (2) Red Bull Rallycross (Summer 2014)



Source: Port of Los Angeles

Outer Harbor



Site Overview

Cabrillo Marina Way

Address: 2293 Miner Street, San Pedro, CA 90731

Land Area: 25.2 acres

Ownership: Port of Los Angeles

Zoning: [Q]M2-1 – Light Industrial

Current/Formal Use: Boat slip, promenade, bike path

General Plan Land Use: Recreation & Commercial

Specific Plan Area: None

Assessed Land Value: \$9,016,099

Restrictions: State Tidelands Trust



Site Overview

Far East Wilmington Sites

Address: Addresses on next page

Ownership: Port of Los Angeles

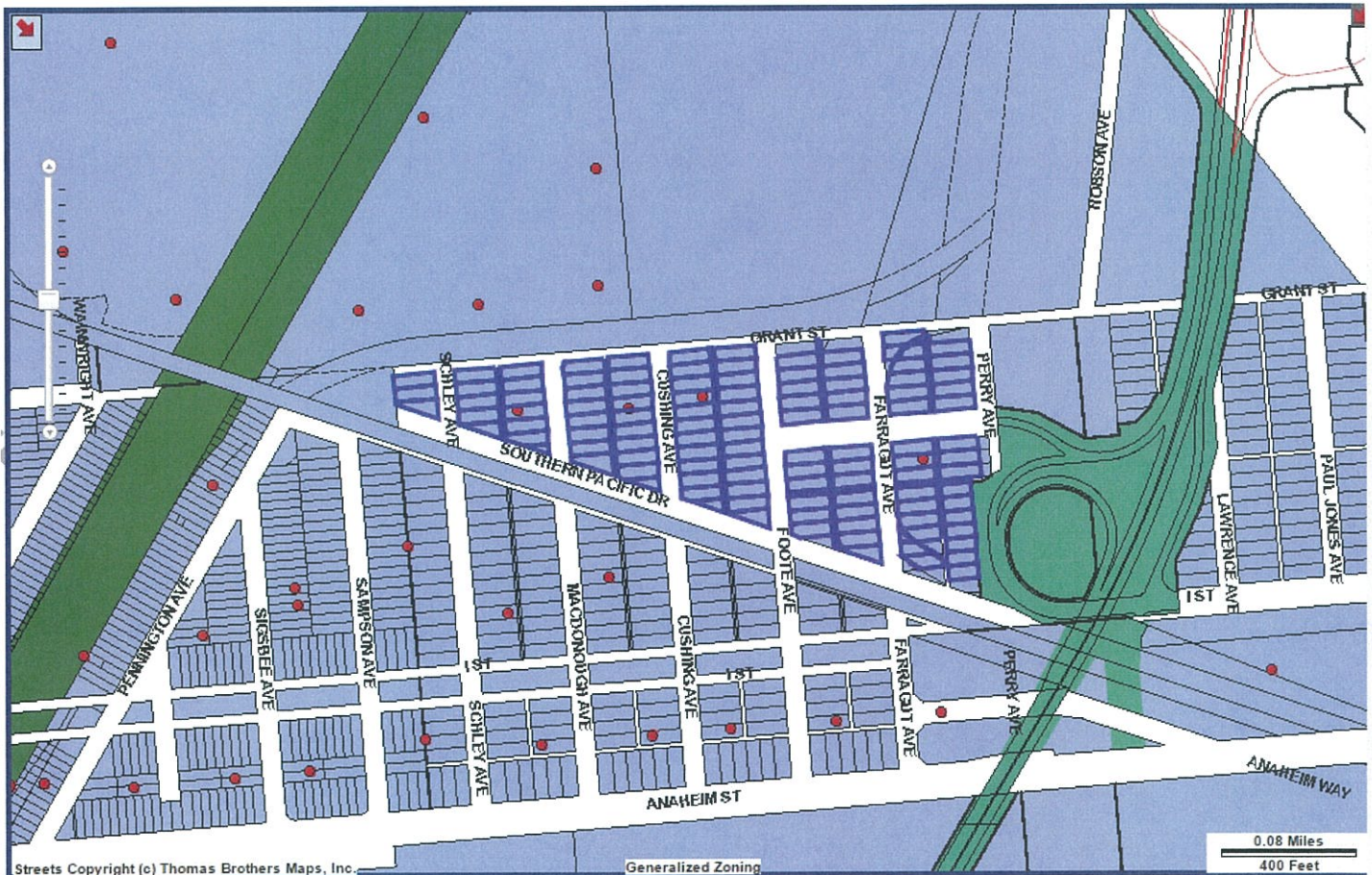
Zoning: M31-VL – Heavy Industrial

Current/Formal Use: Industrial

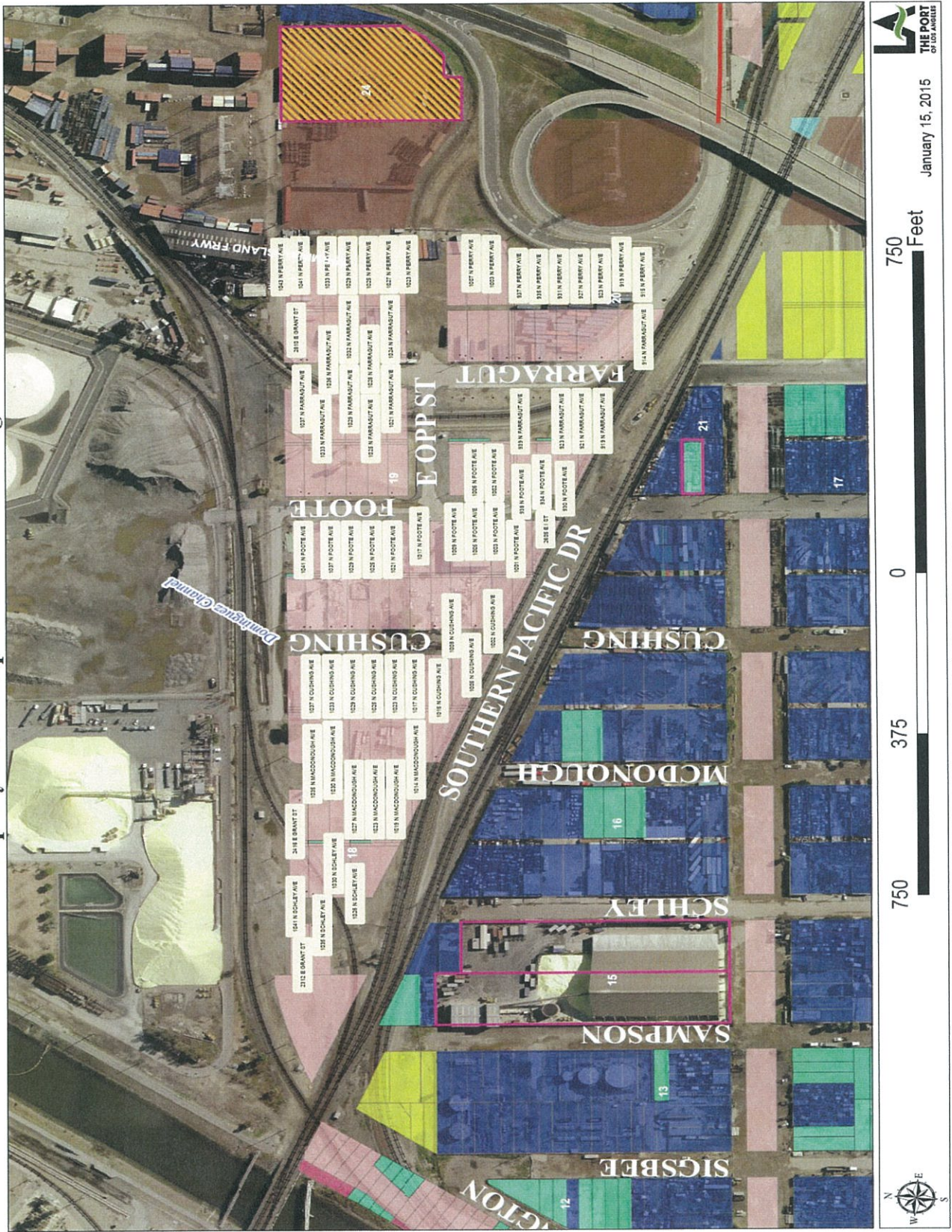
General Plan Land Use: Heavy Manufacturing

Specific Plan Area: None

Assessed Land Value: n/a



Property Ownership in Far East Wilmington



Site Overview

7th and Beacon Parking Lot

Address: 160 West 7th Street, Los Angeles, CA 90731

Land Area: 32,745 square feet

Ownership: City of Los Angeles

Zoning: C2-2-CDO - Commercial

Current/Former Use: City Parking Lot

General Plan Land Use: Regional Center Commercial

Specific Plan Area: None

Assessed Land Value: n/a



Site Overview

Parking Lot 641

Address: 462 W 9th St, San Pedro, CA 90731

Land Area: 39,080 square feet

Ownership: City of Los Angeles

Zoning: [Q]C2-1-CDO – Commercial

Current/Former Use: Public parking lot (surface)

- Total Spaces: 102
- Rate: Free
- Monthly Rate: \$30.00
- Hours of Operation: 8:00 a.m. – 6:00 p.m.
- Time Limit: 4-10 hours

General Plan Land Use: Community Commercial

Specific Plan Area: None



Site Overview

Parking Lot 684

Address: 460 W 7th St, San Pedro, CA 90731

Land Area: 31,200

Ownership: City of Los Angeles

Zoning: [Q]C2-1-CDO – Commercial

Current/Formal Use: Public Parking lot (surface)

- Total Spaces: 86
- Rate: \$0.25/30 minutes (meter)
- Daily Max Rate: \$2.50
- Monthly Rate: \$30
- Hours of Operation: 8:00 a.m. – 6:00 p.m.
- Time Limit: 2-10 hours

General Plan Land Use: Community Commercial

Specific Plan Area: None



Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
4% noncompetitive Low-income Housing Tax Credit (LIHTC) Equity	Indirect federal subsidy that finances low-income housing and allows investors to claim tax credits on their federal income tax returns. 4% credits provide equity equal to the present value of 30%.	Project sponsors and/or developers who meet the requirements of developing a qualified low-income project that is financed with tax-exempt bonds.	Newly constructed and substantially rehabilitated and affordable rental-housing properties for low-income households; acquisition of such properties in acquisition/rehabilitation deals.	http://www.occ.gov/topics/community-affairs/publications/insights/insights-low-income-housing-tax-credits.pdf
9% competitive LIHTC Equity	Indirect federal subsidy that finances low-income housing and allows investors to claim tax credits on their federal income tax returns. 9% credits provide equity equal to the present value of 70%.	Project sponsors and/or developers who meet the requirements of developing a qualified low-income project and are using conventional debt without federal subsidies.	Newly constructed and substantially rehabilitated and affordable rental-housing properties for low-income households; acquisition of such properties in acquisition/rehabilitation deals.	http://www.occ.gov/topics/community-affairs/publications/insights/insights-low-income-housing-tax-credits.pdf
80/20 Deals	Tax-exempt financing for multi-family rental developments in which at least 20% of the units are set aside for low or very low-income residents.	Housing developers	New construction of multi-family rental developments with dedicated low-income housing units.	http://www.nyshcr.org/topics/developers/multifamilydevelopment/8020housingprogram.htm

Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
Annexation Development Plan and Infrastructure Financing (Effective January 1, 2015)	Allows Formation or Reorganization of Special Districts for the Purposes of Improving or Upgrading Infrastructure for Areas Being Annexed by a Local Agency	Local agencies annexing DUCs , through special district(s) to finance improvements, subject to consent of local agencies. Educational agencies may not participate in district	Infrastructure improvements, pursuant to Annexation Development Plan	http://leginfo.ca.gov/v/aces/billNavClient.xhtml?bill_id=201320140SB614
California Fresh Works Fund	Healthy food financing initiative that invests in new, expanded and/or innovative grocery retail and distribution that increases the availability of healthy foods in California's low and moderate-income communities.	Grocers, distributors, and developers	Equipment acquisition, tenant improvement, inventory loans, construction, pre-development, job training and workforce development, and innovations.	www.cafreshworks.com

Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
California Infrastructure and Economic Development Bank (IBank) Infrastructure State Revolving Fund (ISRF)	Low-cost financings from \$50,000 to \$25,000,000 with terms up to 30 years for infrastructure and economic expansion projects	Local and State government, including departments, agencies, commissions, cities, counties, special districts, assessment districts, , and joint powers authorities within the state or any combination of these subdivisions (Sponsor) and public benefit tax exempt not for profit entity that applies for financing in conjunction with a Sponsor.	<p>1. Infrastructure Projects, including city streets, county highways, drainage, water supply, and flood control, educational facilities, environmental mitigation measures, parks and recreational facilities, port facilities, power and communications, public transit, sewage collection and treatment, solid waste collection and disposal, water treatment and distribution, defense conversion, public safety facilities, state highways, military infrastructure and</p> <p>2. <u>Economic Expansion Projects</u>, including industrial, utility and commercial facilities, and educational, cultural and social facilities.</p> <p>3. <u>Housing Exception</u> ISRF financing cannot be used for housing.</p>	http://www.ibank.ca.gov/infrastructure_loans.htm

Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
Community Development Block Grant Section 108 Funds	Offered by HUD as a source of guaranteed financing allotted for the economic development, housing rehabilitation, public facilities rehab, construction or installation for the benefit of low- to moderate-income persons.	Metropolitan cities and urban counties; Non-entitlement communities that are assisted in the submission of applications by States that administer the CDBG program;	Economic development, housing rehabilitation, public facilities, and large-scale development projects.	http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/community_development/programs/108
Community Development Financial Institution (CDFI) Fund	A specialized financial institution that works in market niches that are underserved by traditional financial institutions. CDFIs provide a unique range of financial products and services in economically distressed target markets.	Community-based financial organizations that work in low-income urban and rural communities	Instead of giving loans directly to individuals or projects, CDFI Fund provides financing to CDFIs who provide financing to various entities and individuals depending on the mission of the CDFI.	http://www.cdfifund.gov/what_we_do/overview.asp
Crowdfunding	An option for non-accredited as well as accredited investors seeking to finance business with products or missions they believe in. the JOB Act now allows crowdfunding investors to risk capital from willing individuals that seek a financial return.	Any accredited or non-accredited investor and/or developer.	All aspects of real estate and economic development.	http://www.crowdcru.com/to-p-real-estate-crowdfunding-websites/

Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
EB-5	Allows immigrants to receive legal permanent residency if they can demonstrate that their investment in the US created or preserved at least 10 jobs after two years with a minimum of \$500k-\$1million investment.	Investors who can demonstrate that their funds created or preserved at least 10 jobs in the US after 2 years.	Economic development in the US, including construction and development costs for new projects.	www.uscis.gov/eb-5-investor
Enhanced Infrastructure Financing Districts	Provide TIF for public and private infrastructure projects; along with ability to issue bonds with 55% voter approval from the landowners in the District.	EFIDs are separate legal entities established by a city or county, governed by a public financing authority comprised of members of each participating agency's legislative body and two members of the public.	Infrastructure and facilities, open space, brownfields, affordable housing, industrial buildings, former military bases, repayment of funds to base reuse authority after EIFD creation, transit priority projects, and projects implementing SCS or alternative GHG strategy. Does not include schools, ERAF, community college district and County office of education portions.	https://leginfo.ca.gov/faces/billTextClient.xhtml?jsessionid=651694fa45e5c3efb597efd185ad?bill_id=201320140SB628

Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
Golden State Acquisition Fund (GSAF)	Offers up to \$13.95 million, 100% LTV, 5-year acquisition loans for transactions in California. From the support of CDFIs as well as banks, there is up to \$93 million in total lending possible over the next 5 years.	Non-profit and for-profit developers, cities, counties, and other public agencies within California.	Acquisition of land for the following: Rental housing of which 100% is restricted to 60% or below AMI; Homeownership restricted to 80% AMI; Mixed-use of which no less than 75% of total sq. ft. will be developed as affordable housing for 60% or below AMI; and Mixed-income housing of which no less than 75% of number of proposed units will be developed as affordable (at or below 60% AMI).	http://www.goldenstate-fund.com/
IBank 501(c)(3) Conduit Revenue Bond Financing	Low-cost, tax exempt financing resource for capital improvement projects of qualified nonprofit corporations. The proceeds of 501(c)(3) revenue bonds must create public benefits in the community where the project is located by enhancing the economic, social, or cultural quality of life for local residents.	Nonprofit organizations that have received a determination letter from the Internal Revenue Service stating that it qualifies as an organization as defined under Section 501(c)(3) of the Internal Revenue Code.	501(c)(3) revenue bond proceeds may be used for capital expenditures, refinancing prior debt (under certain circumstances), reimbursing prior expenditures (under certain conditions), (limited) working capital, costs of issuance, capitalized interest and debt service reserve funds.	http://www.ibank.ca.gov/res/docs/pdfs/Nonprofit%20Brochure-4-16-13-FINAL_update8-14.pdf

Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
IBank Industrial Development Bonds (IDBs)	IDBs are tax-exempt bonds issued by IBank as the conduit issuer to finance up to \$10 million of funds for.	Private manufacturing and processing companies.	The acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities. The project financed by the bonds must meet certain public benefit criteria established by the California Debt Limit Allocation Committee (CDLAC), which include, among other things, the creation or retention of jobs.	http://www.ibank.ca.gov/industrial_dev_bonds.htm
Infrastructure & Revitalization Financing Districts (Effective January 1, 2015)	Provides TIF for public and private projects subject to 2/3 voter approval, as well as ability to issue bonds with 2/3 voter approval	IRFDs are separate legal entities formed by legislative body	Infrastructure and facilities, open space, habitat restoration, brownfields, purchase of land for development and related site improvements, affordable housing (must be at least 20% affordable), industrial buildings, former military bases, repayment of funds to base reuse authority after IRFD creation and projects implementing SCS strategy	http://leginfo.ca.gov/v/faces/billNavClient.xhtml?bill_id=201320140AB229

Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
Infrastructure Financing Districts	Provides TIF to finance infrastructure improvements in former redevelopment project areas and former military bases. Subject to taxing agency negotiations and 2/3 voter approval Increment may be allocated to a district for 40 years.	Local jurisdictions	Public capital facilities of communitywide significance that provide significant benefits to an area larger than the district, with a useful life of at least 15 years (i.e. streets, parking/transit facilities, sewage or water treatment/reclamation, waste transfer/disposal, flood control, child care facilities, libraries, parks, rec facilities, open space). Tax increment would exclude schools, ERAF, community college district and County office of education portions.	http://laedc.org/2013/01/08/infrastucture-financing-districts/
Affordable Housing Trust Fund	The Affordable Housing Trust Fund (AHTF) creates affordable rental housing for low and very low income households by making long-term loans for new construction or for the rehabilitation of existing residential structures.	States and state-designated entities.	Real property acquisition; Site improvements and development hard costs; Related soft costs; Demolition; Financing costs Relocation expenses; Operating cost assistance for rental housing; Reasonable administrative and planning costs	http://lahd.lacity.org/lahtinter/net/AffordableHousingTrustFund/tabid/126/Default.aspx

Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
Los Angeles County Housing Innovation Fund (LACHIF)	\$60 million revolving loan. Offers loans up to \$5 million, including a maximum of \$750,000 for pre-development. Up to 100% LTV. Maximum loan term is 3 years, including extensions.	Non-profit and for-profit corporations; municipal agencies; cities; redevelopment agencies in LA Counties.	Acquisition and pre-development of multifamily rental properties with all apartments restricted to households at 60% area median income.	http://scanph.org/node/2158
Mello-Roos Financing	The Act allows eligible organizations to establish a Community Facilities District (a "CFD") which allows for financing of public improvements and services.	Any county, city, special district, school district, or joint powers authority	Mello-Roos CFDs can finance streets, sewer systems basic infrastructure, police and fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities.	http://www.co.imperial.ca.us/taxcollector/treasurer/Treasurer/PdfDoc/Mello-Roos.pdf http://www.treasurer.ca.gov/cdiac/reports/M-Roos/MR_guidelines.pdf
New Generation Fund (NGF)	Offers up to 120% LTV, maximum loans of \$15 million, and 4-year loans. Supports city's affordable housing pipeline (9% LIHTC deals in particular). \$52 million of lendable proceeds available.	Affordable housing developers and non-profit developers.	Acquisition and pre-development for affordable multifamily rental housing in the city of Los Angeles. A minimum of 75% of all units must serve people earning 80% or less of the area median income.	http://newgenerationfund.com/

Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
New Market Tax Credits (“NMTC”)	The NMTC program attracts investment capital to low-income communities by permitting investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized institutions called CDEs.	Proponents of commercial projects or public facilities in rare cases can be used for residential.	CDEs use the equity to make qualified low-income community investments, such as loans and equity investments, and to provide financial counseling and other services to businesses in low-income or distressed communities.	http://www.cdffund.gov/what_we_do/programs_id.asp?programID=5
Program-Related Investments	To be program-related, the investments must significantly further the foundation's exempt activities. They must be investments that would not have been made except for their relationship to the exempt purposes. The investments include those made in functionally related activities that are carried on within a larger combination of similar activities related to the exempt purposes.	Foundations choose programs to invest in.	High-risk investments in nonprofit low-income housing projects, Low-interest loans to small businesses owned by members of economically disadvantaged groups, Investments in businesses in deteriorated urban areas, and Investments in nonprofit organizations combating community deterioration.	http://www.irs.gov/Charities-&-Non-Profits/Private-Foundations/Program-Related-Investments

Potential Financing Options

Type of Financing	What it is	Who can use it	What it can be used for	Resources
Social Impact Bond (“SIB”)	Enables government agencies to pay for programs that deliver results. In a SIB agreement, the government sets a specific, measurable outcome that it wants achieved in a population and promises to pay an external organization if and only if the organization accomplishes the outcome.	External organization designated by the government to achieve a set goal.	Economic development and other goals set by the government that it wants achieved.	http://www.americanprogress.org/issues/economy/report/2014/02/12/84003/fact-sheet-social-impact-bonds-in-the-united-states/ http://www.whitehouse.gov/omb/factsheet/paying-for-success

To: David Roberts – Council District 15, Planning & Economic Development Director
From: LAEDC / LA PLAN
Date: July 29, 2015
Re: Council District 15 Charrette Wrap-up

I. Introduction

It was a pleasure working with Councilman Joe Buscaino's office on the charrette regarding key publicly-owned real estate assets within Council District 15 in the City of Los Angeles (City). As the charrette highlighted, San Pedro is a burgeoning community with the potential for it to become a "go-to" destination for not only Southern California residents, but the world-wide community.

The purpose of this memorandum is to consolidate and summarize the comments from the charrette participants and the interviews that LAEDC conducted. It is also intended to be a companion document to the data booklet that was distributed at the charrette. Overall, LAEDC believes that the sites discussed during the charrette for development should be considered within the context of two catalytic projects that are being planned: Ports O' Call and AltaSea. At stabilization, these projects are anticipated to have over 2,150 full-time equivalent jobs combined and are positioned to be large demand drivers for future development in their proximity.

II. Key Catalysts: AltaSea & Ports O' Call

Beginning construction in early-2016, AltaSea – which will play a significant role in building a marine innovation ecosystem within close proximity to the Port – will be a leading anchor project for the future developments at the Waterfront. The influx of daytime employees and students will drive supplemental demand for commercial and residential product in the San Pedro market. Upon completion, the 35-acre site will house: the Southern California Marine Institute, a consortium of 12 universities based in the research of marine science; an interpretive educational center; and more than 250,000 square feet of office/lab space for the initial development phases. It is estimated that there will be over 400,000 square feet of flex office space at full build out. It is anticipated that upon completion, the project will attract established firms engaged in global growth industry sectors such as marine biology, ocean energy, and seabed mining. In addition, the water technology conservation sector is generating a plethora of start-up companies; many of them will find AltaSea an attractive location. Overall, at stabilization, AltaSea will add over 1,300 permanent jobs to the local economy.¹

The AltaSea Project has already begun to change the landscape in San Pedro. On June 18, 2015, it was announced that SpaceX, the rocket innovator, will be an anchor tenant at the AltaSea business hub.

¹ AltaSea Summary Fiscal Benefit Analysis. Kosmont Companies. August 2013.

This announcement has spurred interest from other established, similarly situated technology companies who want to develop strategies with SpaceX, to locate in the San Pedro area. LAEDC has conducted follow up interviews with the San Pedro Chamber and others who are interested in establishing a marketing campaign highlighting San Pedro's "innovation" sectors. These types of events will reinforce the changing image of San Pedro as a burgeoning innovation hub.

The successful development of Ports O' Call is likely the most critical project affecting the demand for future developments in San Pedro. The San Pedro Waterfront Project envisioned a comprehensive redevelopment of the Ports O'Call site, which would contribute to the transformation of the San Pedro Waterfront and adjacent downtown San Pedro into a vibrant, world-class, urban visitor-serving waterfront destination. The Harbor Department released an RFQ in July 2012 to solicit interest in redeveloping the Ports O'Call site. Eight (8) responses were received, and the LA Waterfront Alliance was ultimately selected.

On July 13, 2015 the Harbor Commission approved a Term Sheet with the LA Waterfront Alliance (composed of developers, The Ratkovich Company and Jerico Development) that moves forward plans to redevelop Ports O' Call in San Pedro. The approval sets forth a series of tasks required to come to an agreement for a 50-year ground lease to redevelop the 30-acre Ports O'Call site. Over the next six months the LA Waterfront Alliance will be required to complete the following tasks:

1. Finalize their project concept in alignment with likely market demand;
2. Initiate the design process;
3. Market the design concept to existing and new tenants to determine actual market demand and financial feasibility of their design concept;
4. Present publicly on the developer's design concept;
5. Execute agreement on construction phasing and schedule; and
6. Execute an agreement between the developer and Harbor Department will come to an agreement on all commercial and standard terms required to enter into an Option Agreement for a 50-year ground lease for the Ports O'Call site.

The San Pedro Waterfront Environmental Impact Report (EIR) was approved and certified in 2009. Based on the 2009 EIR, the Ports O'Call site is entitled to support up to 300,000 square feet of visitor serving commercial uses (retail, dining and entertainment), and up to 75,000 square feet for a conference center. The 30-acre site currently features 135,000 square feet of restaurant and retail buildings. The existing tenant leases expired on December 31, 2014; tenants are currently on a month-to-month holdover.

In November 2014, the Harbor Department released a Financial Feasibility Analysis for the redevelopment of the Ports O'Call site. This study was completed by Pro Forma Advisors, a firm specializing in analyzing the feasibility and likely market performance for retail, dining and entertainment development projects. Based on the findings from Pro Forma Advisors, the Harbor Department identified

three major infrastructure projects that are planned to prepare the Ports O'Call site for redevelopment and near term projected visitor growth estimated in their study:

1.	Sampson Way Realignment	\$13.6 million
2.	Ports O' Call Promenade and Surface Parking	\$34.5 million
3.	Town Square at 6th Street	\$4.1 million
	<u>Total</u>	<u>\$52.2 million</u>

The Harbor Department began design of the Sampson Way and 7th Street Intersection Improvements in 2014. Construction is expected to commence Q1 2016 and be completed in 2018/2019. Design for the Ports O'Call Promenade and Town Square projects will commence Q3 2015. Construction is expected to commence in 2017 and be completed in 2019/2020. An agreement allowing the developer to complete its construction and commence operations in 2019/2020 for the "redeveloped" Ports O'Call site will be negotiated into the final terms governing the 50-year ground lease and Option Agreement expected to be finalized by December 31, 2015.

LAEDC reviewed the study conducted by Pro Forma Analysis and, according to the recommended development scenario in the study, the project has the potential to generate over 850 full-time equivalent (FTE) jobs, \$87 million in gross annual sales, and over three million visitors. Together with AltaSea's development, both projects will add millions of visitors, thousands of FTEs, and increased demand for amenities and attractions to support this economic development growth, which can be supplemented by at least some of the sites discussed at the charrette.

While San Pedro pushes forward with plans to develop these catalytic projects on the Waterfront, the Cabrillo Marine Aquarium – also located on the Waterfront – is planning for a \$25 million expansion project of their current facilities. The 80-year-old aquarium attracts over 300,000 annual visitors. The fundraising campaign announced this past April calls for updated exhibits; as well as a new entryway and pavilion.

In order to support this development along the Waterfront, the Harbor Board of Commissioners approved a Public Access Investment Plan in February for capital and non-capital LA Waterfront projects and community benefits. The plan allocates 10 percent of the Port's annual Operating Income to build LA Waterfront and public access projects. This is projected to equal approximately \$200 million over the next 10 years for both the San Pedro and Wilmington waterfronts (see Appendix).

III. Charrette Findings/Takeaways

If the business and development community is reassured that these projects will proceed in a timely fashion, it will ignite interest in the overall market upon completion. Given its potential economic impact, the charrette sites could be instrumental in supplementing ongoing development and accommodating the new demand that these catalytic projects will be bringing. LAEDC believes that the potential developments discussed at the charrette could be broken up into three different tiers based on elements LAEDC considers in measuring the sites' viability for development. As illustrated, Tier 1 includes the sites that seem to be most viable for near term development, Tier 2 includes the sites that have some regulatory challenges that would need to be addressed before the sites are viable for development, and Tier 3 includes sites that have a longer development horizon due to several regulatory and replacement hurdles.

Tier	CD 15 Sites	(1) Sites controlled by the City	(2) Regulatory Challenges	(3) Relocation required	(4) Sites at least ½ an acre	(5) Proximity to Waterfront
1	City Parking Lots	City	Low	Medium	Yes	0.8-1.8 miles
2	San Pedro Courthouse	State of California	Medium	Low	Yes	1.0 – 1.5 miles
	East Wilmington Industrial Sites	POLA	Medium	Medium	Yes	6.7 – 8 miles
	Rancho San Pedro	HACLA	High	Very High	Yes	1.2 – 2 miles
3	Cabrillo Marina	POLA	Very High	Low	Yes	0 miles
	Outer Harbor	POLA	Very High	Low	Yes	0 miles

Following the charrette, Councilmember Buscaino introduced a Motion directing the Economic and Workforce Development Department (EWDD), in collaboration with other City departments, to analyze the economic development potential of three City-owned surface parking lots in downtown San Pedro, including: San Pedro Municipal Building Visitor Parking Lot located at 160 W. 7th Street; Parking Lot 641 located at 462 W. 9th Street; and Parking Lot 684 located at 460 W. 7th Street (Council File No. 15-0450). In support of these efforts, EWDD and the City issued an RFP for a consultant to conduct a Commercial and Residential Market and Site Feasibility Analysis for numerous publicly-owned sites along the LA Waterfront, Downtown San Pedro and at the intersection of Avalon and Harry Bridges in Wilmington. The analysis would help the Council Office respond to feedback received from various development experts as part of the charrette process and provide important insights as to the short and long term development potential in the area. It's anticipated that this Market Feasibility Study will be completed later this Fall.

Site control is one of the most critical elements affecting the development potential of these sites. As indicated in the chart above, the City Parking Lots have several attributes that suggest that make them prime candidates for immediate development. While the public parking spaces at the three sites will have to be replaced, there are various replacement scenarios ranging from one-to-one replacement at the sites to the construction of one or more parking structures. By having control over the City Parking Lots, the City has the ability to control most aspects of the development process.

The consensus opinion during the tour of the sites was that; given the current market, the parking lots could be developed into mixed-use projects. However, during the charrette, several participants indicated that if nearby developments such as Ports O' Call were completed and integrated with a marketing strategy to capture the World Cruise Centers' passengers, a boutique hotel may also be feasible on one of the parking lot sites. Furthermore, the Waterfront has a very unique vista, and so many participants felt the potential developments, particularly the 7th Street parking lot, provide an opportunity to activate the roof area with a restaurant/bar.

The Waterfront sites, East Wilmington, San Pedro Courthouse, and Rancho San Pedro, while ripe for development in many ways, are all under control of other government entities and have some regulatory challenges. As a result, their potential development timeline is longer than the city parking lot sites.

Although the San Pedro Courthouse site was not discussed during the charrette, it has garnered a significant amount of interest from the development community. Despite being owned by the State of California's Administrative Office of the Courts, there appears to be an opportunity for the County and City to collaborate their efforts to gain site control and reprogram the site to consolidate County and City services. Specifically, if made available, it could facilitate the development of the 7th street parking lot site. Currently, there is a County clinic adjacent to the 7th street parking lot. If the adjacent County clinic building was incorporated into the development footprint, the total development site would be well over one and a half acres, as opposed to 32,745 square feet if just the parking lot was developed. Further, the relocation of these services from the Beacon Street location to this site may allow for a new state of the art medical facility to be developed in conjunction with other uses. LAEDC recommends that the City and County work together to develop a strategic plan to jointly activate the San Pedro Courthouse site. Thus, the San Pedro Courthouse site will be one of several sites in Downtown San Pedro that will be analyzed in the above-referenced Site Feasibility Analysis.

On the other hand, the Cabrillo Marina and Outer Harbor's uses are restricted by the California Tidelands' Public Trust Doctrine, which prohibits uses that are not water-dependent, water-linked, or does not enhance the water (examples of prohibited uses include movie theaters as well as housing). Most participants suggested uses for these sites that are currently prohibited by State Tidelands. For example,

the consensus opinion was that the most likely uses for the Outer Harbor would be a market-rate residential development, as well as a potential hotel. These uses were mentioned for the Cabrillo Marina as well, but many participants saw this site as ideal for an artisan market, as well as high-end restaurants in conjunction with upgrades to the boardwalk atmosphere to enhance tourism. The table below lists the uses that the tour and charrette participants envisioned at the sites.

Potential Uses for Outer Harbor/Cabrillo Marina
Mixed use – Boutique hotel with residential
Luxury hotel
Conference/Event Center
Office Campus
Residential community
Commercial – restaurants, retail, boardwalk attractions
Artisan Market
High-end restaurants
Recreational facility, movie theater with open space

In addition to the use restrictions, California’s State Tidelands Trust Doctrine (Tidelands Trust Doctrine) restricts the term for leases on the Waterfront to no more than 50 years, without the option to extend. This restriction presents challenges to developers in obtaining favorable financing terms and increases the risk of obtaining a market rate return on their investment. However, it is not impossible to obtain financing for a project with a ground lease of 50 years or less. Most notably, in 2013, Capri Capital Partners, on behalf of institutional investors, purchased the leasehold interest in a five-building multifamily apartment in Marina Del Rey. The land is owned by the County of Los Angeles and the lease expires in 2061. Although there were only 48 years left on the Marina Del Rey property’s ground lease when the transaction closed, the nature of the asset considerably reduced the risk. In particular, the property is an exceptional waterfront location, including a unique combination of resort-style amenities as well as spacious and luxurious units. Additionally, it offers one of the finest anchorage facilities in the area that attracts the area's most luxurious and expensive yachts and boats.

LAEDC interviewed several local government entities and most indicated that the typical ground lease for commercial, retail, and hotel was at least 65 years with options for additional years. For example, the County of Los Angeles entered into a 65-year ground lease for a 165,195 square feet grocery-anchored Community Center in an unincorporated community of the County. Further, although also restricted by the Tidelands Trust Doctrine, the Ports of San Diego and San Francisco have the legal ability to offer tenants and developers leases for up to 66 years on these lands. For example, Pier 48 at the Port of San Francisco, – which will be used for purposes of light manufacturing, barging, office, retail, restaurant, maritime, public access and tours – has been granted a 30 year lease with an option to renew for up to a total of 66 years.

The Port of San Diego also recently approved a 66-year lease to a hotel and stated that large developments which were granted less than a 66-year lease term had to be subsidized by the government in the form of rent credits in order for the development to be financeable.

LAEDC also interviewed commercial bankers. The consensus response from the banking community was that most long-term ground leases for commercial developments – whether for a ground up development or redevelopment of an existing space – typically run between 75-99 years on average. In general, financial institutions find lease terms longer than 50 years more favorable for large projects that require financing and accordingly offer better financing options to such projects. Although most loans are typically paid off well within the 50 years, lenders want to assure there will be some financial interest left in cases where a borrower defaults and the lender is forced to foreclose on the property. In scenarios such as this, lenders want a guarantee that remedies will be available to make themselves whole again – such as selling the remaining loan to another borrower with a sufficient amount of time to pay the loan back in its entirety before the property reverts back to the owner.

In an effort to expedite development in the City of Los Angeles, State Senator Isadore Hall (Hall) is sponsoring legislation (SB399), which will allow one 25-year renewal in addition to the 50-year lease term. SB 399 has so far passed with unanimous bi-partisan support in the State Assembly’s Natural Resource Committee, as well as the Assembly’s Local Government Committee. The sponsors of the legislation expect the bill to be enacted and chaptered.

Legal experts at the charrette indicated that legislative relief or a “land swap” could potentially alleviate the use and lease term restraints that the Tidelands Trust Doctrine imposes on these sites. Solutions such as the land swap, however, take several years of concentrated effort to accomplish the desired goals. For example, it took over ten 10 years for the Port of San Diego to successfully swap one of their restricted properties with a non-restricted property, and the process was arduous. Alternatively, as reinstated in the January 9, 2015 report from the Chief Legislative Analyst (“CLA”), the timely development of the Waterfront properties may require a unique project management approach for more efficient contracting, program development, and property management options for the waterfront.²

IV. Final Recommendations

In conclusion, because of the catalytic nature of the Ports O’ Call and AltaSea projects, it would be recommended to ensure that these public-private partnerships are the first major commercial developments

² “Review of San Pedro Waterfront Redevelopment Efforts”. Chief Legislative Analyst – City of Los Angeles. January 2015.

to break ground. In an effort to expedite these developments, the City may want to consider creating an Enhanced Infrastructure District (EIFD) for the Waterfront area. After the dissolution of the California redevelopment agencies, State legislation (SB 628) was approved to grant cities and counties the power to finance public capital facilities or other specified projects of communitywide significance with an EIFD. EIFDs provide flexibility to local governments to raise funds in multiple ways, including:

- Tax Increment Bonds
- Tax Increment Financing
- Loans
- Special Assessments

Senator Hall is also sponsoring SB63 which would grant ports and harbors across the state the opportunity to create Seaport Infrastructure Financing Districts (SIFD) to finance public infrastructure projects. Similar to SB 399, SB 63 has passed several key legislative committees.

The feasibility studies that are currently underway will be a very useful tool to assess subsequent developments; however, we would recommend that CD 15 develop a one- or two-page implementation strategy for each site. The implementation strategy would detail monthly goals and milestones leading to a ground breaking and grand opening. The implementation strategy should identify a project manager for each development, and delineate the required public (i.e. City departments) and private (consultants, non-profits, Foundations, etc.) partnerships that will be needed to move the project forward. This approach will allow all stakeholders to establish a realistic development timeline for all projects.



Appendix

10-YEAR CAPITAL IMPROVEMENT PROGRAM PLANNING

February 11, 2015

PROJECT IMPLEMENTATION

LA Waterfront (San Pedro and Wilmington)	FY 14/15 Current	15/16 Year 1	16/17 Year 2	17/18 Year 3	18/19 Year 4	19/20 Year 5	20/21 Year 6	21/22 Year 7	22/23 Year 8	23/24 Year 9	24/25 Year 10	10 year CIP* (millions)
Sampson Way & 7th Street Intersection Improvements	X	X	X	X	X							\$13.6
Town Square at 6th Street		X	X	X	X	X						\$4.1
Ports O' Call Promenade and Parking		X	X	X	X	X						\$34.5
Total San Pedro Waterfront												\$52.2
Wilmington Waterfront Promenade and repurpose or demolition of former Catalina Freight building		X	X	X	X	X	X					\$52.7
Harry Bridges Blvd. Beautification between Island Ave. and Avalon Blvd.								X	X	X	X	\$17.4
Wilmington Waterfront Pedestrian Bridge							X	X	X	X		\$14.9
Total Wilmington Waterfront							X	X	X	X		\$85.0
TOTAL												\$137.2

POTENTIAL ADDITIONAL PROJECTS

LA Waterfront (San Pedro and Wilmington)	FY 14/15 Current	15/16 Year 1	16/17 Year 2	17/18 Year 3	18/19 Year 4	19/20 Year 5	20/21 Year 6	21/22 Year 7	22/23 Year 8	23/24 Year 9	24/25 Year 10	10 year CIP* (millions)
Sampson Way Roadway from Harbor Blvd to SP Slip							X	X	X	X		\$8.5
Sampson Way South Roadway from SP Slip to 22nd Street								X	X	X	X	\$24.5
Total San Pedro Waterfront							X	X	X	X		\$33.0
Avalon Triangle Park									X	X	X	\$8.9
Total Wilmington Waterfront												\$8.9
TOTAL												\$41.9

*Environmental cleanup is not included in the cost estimates.